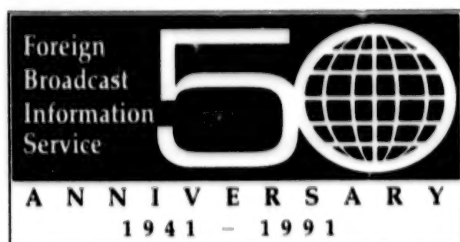


JPRS-UEA-91-021  
3 MAY 1991



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# ***JPRS Report***

# **Soviet Union**

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***Economic Affairs***

# Soviet Union

## Economic Affairs

JPRS-UEA-91-021

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3 MAY 1991

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## POLICY, ORGANIZATION

### Uzbek Law on Enterprise, Association, Organization Taxes

#### Text of Law

914A0616A Tashkent PRAVDA VOSTOKA in Russian  
6 Mar 91 pp 2-4

[Law of Uzbek SSR on Enterprise, Association, and Organization Taxes, signed by President I. Karimov of Uzbek SSR in Tashkent on 15 February 1991]

[Text] The law of the Uzbek SSR: "On Enterprise, Association, and Organization Taxes" establishes the sources of revenue for the Uzbek SSR state budget, the Kara-Kalpak ASSR state budget, and local budgets in the form of taxes instituted for the purpose of providing a financial base for state social guarantees, regulating the commercial operations of legal entities, and stimulating the conservation of natural resources and the protection of the environment.

This law defines the taxes in effect within the territory of the Uzbek SSR, the taxpayers, the objects of taxation, the procedure for paying taxes, tax privileges, liability for violations of the law, and the general procedure for settling disputes arising in connection with the payment of taxes. The tax regulations governing the operations of enterprises, associations, and organizations are based on the following principles:

- the mandatory taxation of all income, regardless of its source;
- a single statewide policy of taxation for all administrative-territorial levels, combined with autonomous action by local governing bodies in tax legislative activity within the framework of the statewide tax policy;
- the guarantee of the stimulating role of tax regulations through a system of privileges for efficiently operating enterprises contributing to the resolution of major social, economic, and ecological problems and the encouragement of progressive forms of economic management;
- financial oversight of the tax obligations of all taxable entities based on declarations, the organization of selective inspections and audits, and the imposition of economic penalties on violators of the law.

In accordance with this law, enterprises, associations, and organizations engaged in commercial and other activity producing an income within the territory of the Uzbek SSR will pay the following taxes:

- a profit tax;
- a turnover tax;
- a sales tax;

- an export-import tax;
- a tax on crude resources taken out of the republic;
- a tax on the wage fund of kolkhoz farmers;
- a tax on the increment of resources intended for consumption;
- an income tax.

All of these taxes and all other payments will be recorded in the Uzbek SSR state budget. The distribution of taxes between the republic and union budgets will be conducted on the basis of an agreement between the supreme soviets of the Uzbek SSR and USSR or other authorized agencies.

The Kara-Kalpak ASSR Supreme Soviet will establish the taxes to be collected from enterprises, associations, and organizations within its territory in conformity with the laws of the Uzbek SSR.

Local soviets of people's deputies will establish the local taxes to be collected within their territory in conformity with the laws of the Uzbek SSR and the general guidelines of tax policy.

The governing body establishing the specific type of tax or another authorized agency will define:

- the taxpayers;
- the object of taxation;
- the tax rates;
- the procedure for calculating and paying taxes;
- tax privileges;
- the duration of the tax.

#### Chapter I. Profit Tax

##### Article 1. Taxpayers

1. The profit tax will be paid by:

- a) enterprises, associations, and organizations engaged in production, commercial, and other business activity on the basis of economic accountability and representing legal entities with their own balance sheets, including joint ventures formed within the territory of the Uzbek SSR, international associations engaged in economic activity, and the Uzbek SSR branches of joint ventures formed within the territory of other union republics and countries with the participation of Soviet legal entities and citizens, regardless of forms of ownership;
- b) organizations not operating on the basis of economic accountability but earning income from economic and other commercial operations;
- c) international nongovernmental organizations (or associations) engaged in economic and other commercial operations.



The payers of the profit tax listed in this point will be referred to hereafter as "enterprises."

2. The budget obligations of enterprises operating primarily for the Central Asian Railroad, the Uzbek Civil Aviation Administration, the Uzbek SSR Ministry of Railways, and the Uzbek SSR Ministry of Power Engineering and Electrification will be regulated on a centralized basis with the subsequent collection of payments for the republic budget.

The procedure for calculating the budget obligations of enterprises engaged in the extraction and processing of precious metals will be defined by the Cabinet of Ministers of the President of the Uzbek SSR.

3. The taxation procedure and rates for foreign legal entities will be defined in Chapter 2 of this law.

## Article 2. Object of Taxation

1. The object of taxation is profit, calculated on the basis of the profit balance, representing total profits from the sale of products (or work or services) and other physical valuables and income from extra- sales operations, minus the total cost of these operations.

2. Profit from the sale of products (or work or services) is calculated as the difference between the sales receipts for products (or work or services) in current prices after turnover tax and the production and sales expenses included in the overhead costs of products (or work or services). The income (or expenses) of extra-sales operations includes income earned from participation in joint ventures and from the rental of property, dividends on stocks, bonds, and other securities belonging to the enterprise, and other income (or expenses) connected with operations having no direct relationship to the production of goods (or work or services) and their sale, including sums received and paid out in the form of economic penalties and reimbursement for losses.

Sums deposited in the budget in the form of penalties in conformity with the laws of the Uzbek SSR will be excluded from the expenses of extra- sales operations when the enterprise's remaining profit is being taxed.

3. To calculate taxable profits, the profit balance is increased (or decreased) by the amount of the increase (or decrease) in expenditures on the wages of enterprise personnel performing basic operations in the total overhead costs of the sold products (or work or services) in comparison with the standard wage calculated according to the procedure stipulated in Article 3 of this law. This increase (or decrease) in the profit balance is not used in calculating the taxable profits of international nongovernmental organizations (or associations), international associations, foreign legal entities engaged in economic operations, and joint ventures and their branches established within the territory of the Uzbek SSR with participation by Soviet and foreign legal entities and citizens if the foreign participant's share of the incorporation fund is equivalent to at least 30 percent of the total.

4. The profit balance will be reduced by the amount of rental payments (paid out of profits according to the established procedure), by the amount of dividends earned on stocks, bonds, and other securities belonging to the enterprise, and by the amount of income derived from participation in joint ventures.

5. When taxable profit is being calculated, the profit balance of the Uzbek SSR State Bank, specialized banks, and commercial banks, including cooperative banks, insurance organizations, foreign legal entities, and joint ventures with participation by Soviet and foreign legal entities and citizens will be reduced by the amount of allowances deducted for the reserve fund or other such funds of these enterprises, but by no more than 20 percent and only until these funds are equivalent to 25 percent of the incorporation fund.

6. In the case of organizations not operating on the basis of economic accountability and earning income from economic or other commercial operations, with the exception of budget-carried organizations, taxes will be collected on the amount of income exceeding expenditures on these operations.

7. The profits (income exceeding expenditures) earned by enterprises within the territory of the Uzbek SSR and outside the republic will be taxed according to the procedure stipulated in this chapter.

## Article 3. Expenses of Production and Sales of Products (or Work or Services) Included in Overhead Costs

1. When profits are being calculated, the overhead costs of products (or work or services) will include material expenditures, amortization deductions for the complete restoration of fixed productive assets (including accelerated amortization), standardized wage expenditures, deductions for state social insurance, deductions for compulsory medical insurance, payments for compulsory property insurance, land taxes, interest payments on short-term bank credit (with the exception of interest on overdue and deferred payments and on loans taken out to cover a shortage of working capital), and other production and sales expenses, including the cost of all types of repairs of fixed productive assets. When enterprises set up repair funds in accordance with the laws of the Uzbek SSR, allowances deducted for this fund will be included in total expenditures.

2. Material expenditures will include the costs of crude resources and basic materials (excluding the cost of recycled waste), purchased items and semimanufactured goods, auxiliary materials, fuel, and energy, expenditures connected with the use of natural resources (allowances to cover the expense of geological prospecting and exploratory work with minerals, expenditures on land reclamation, timber replacement payments, and payments for the water used by industrial enterprises within prescribed limits from the water distribution system), water supply service costs, and the expenses of production-related work and services performed by other enterprises and organizations.

3. Amortization deductions for the complete restoration of fixed productive assets, including the accelerated amortization of active assets, will be made according to the existing laws of the Uzbek SSR.

Joint ventures formed within the territory of the Uzbek SSR with the participation of Soviet and foreign legal entities and citizens will deduct amortization allowances for the complete restoration of assets according to the rates and procedures stipulated for Soviet enterprises unless the articles of incorporation of the joint ventures stipulate otherwise.

4. Expenditures on wages will include salary payments calculated on the basis of working conditions and the forms and systems of reimbursement employed at enterprises, and in the case of sovkhozes, kolkhozes, and other agricultural enterprises, they will also include payments for year-end results, calculated according to the established procedure.

The procedure for determining the standardized expenditures on the wages of enterprise personnel engaged in basic operations for the calculation of taxable profits will be defined each year by the Uzbek SSR Supreme Soviet at the request of the Cabinet of Ministers of the President of the Uzbek SSR.

The overhead costs of products (or work or services) will not include the following payments in monetary and natural forms: material assistance, awards for year-end results, additional leaves granted by a decision of the labor collective (over and above those envisaged by law), including leaves for women bringing up children, supplementary pension payments, lump-sum grants for retiring veterans of labor, income (dividends and interest) paid on the stocks of the labor collective and the contributions of members of the labor collective to enterprise property, and other payments covered by the remaining profits of enterprises and special sources.

Overhead costs also do not include enterprise deductions to cover the cost of the construction, repair, and maintenance of highways in accordance with the existing laws of the Uzbek SSR.

5. The distinctive features of the total expenses included in the overhead costs of products (or work or services) in different branches of the national economy will be established according to the procedure stipulated by the Cabinet of Ministers of the President of the Uzbek SSR.

#### Article 4. Tax Rates

1. Profits within the limits of the profitability level set for different branches according to the procedure established by the Uzbek SSR Supreme Soviet will be taxed at a rate of 45 percent. No payments will be levied on the use of labor resources within the territory of the Uzbek SSR.

2. The amount of taxes to be deposited in the Uzbek SSR budget, Kara-Kalpak ASSR budget, and local budgets

will be established by legal instruments of the Uzbek SSR and Kara-Kalpak ASSR.

The total amount of profit tax deposited in the republic budget, the Kara-Kalpak ASSR budget, and local budgets, as well as payments for natural resources (with the exception of land taxes and payments categorized as the overhead costs of products, work, and services in points 1 and 2 of Article 3), should not exceed 45 percent of the taxable profits within the limits of the profitability level set for different branches according to the procedure established by the Uzbek SSR Supreme Soviet.

3. If profitability exceeds the set level, the excess profits will be taxed at the following rates:

—at 80 percent for profits exceeding the set level by up to 10 points inclusive;

—at 90 percent for profits exceeding the set level by more than 10 points. The total amount of taxes calculated at these rates will be deposited in the republic budget of the Uzbek SSR, the Kara-Kalpak ASSR budget, and local budgets in the amounts and according to the procedure established by legal instruments of the Uzbek SSR and Kara-Kalpak ASSR.

#### Article 5. Tax Rates for Different Types of Taxpayers and Procedure for Depositing Taxes in Budget

1. The following profit tax rates are established for different types of taxpayers:

a) for the portion of the Uzbek SSR State Bank's profits not connected with the performance of the functions of a reserve system, specialized banks, commercial banks, their branches and representative agencies, including cooperative banks, and insurance organizations—55 percent;

b) for sovkhozes, kolkhozes, and rented agricultural enterprises, as well as for construction organizations (if 50 percent or more of their construction and installation work is performed for kolkhozes and sovkhozes, regardless of the source of funding):

a rate of 10 percent if the level of profitability is from five to 30 percent inclusive;

a rate of 50 percent for the profit exceeding the 30-percent level of profitability.

Kolkhozes, sovkhozes, and rented agricultural enterprises with a profitability level of under five percent will be exempt from the payment of profit taxes;

c) for joint ventures formed within the territory of the Uzbek SSR with participation by Soviet and foreign legal entities and citizens, engaged in:

—the production and processing of agricultural products (with the exception of grape, fruit, and berry wines and hard liquor); the production of consumer goods and construction materials; the procurement and processing of recycled resources and household waste;

medical services for the population; the training of highly skilled personnel—15 percent;

—the production of medical equipment or machines and equipment for agriculture, light industry, and the food industry—20 percent;

—the production and assembly of computer and communication systems; the construction and repair of public utilities and socioconsumer facilities; the production, repair, and maintenance of complex household appliances and computers—25 percent;

—tourism and hotel services; banking and insurance—30 percent;

—information-advertising and commercial-mediating operations, publishing and printing—40 percent.

These tax rates will apply to joint ventures in which the foreign participant's share of the incorporation fund is equivalent to no less than 30 percent and no more than 50 percent of the products (or work or services) sold within the territory of the Uzbek SSR.

Other joint ventures will pay profit taxes at a rate of 45 percent.

Joint ventures formed within the territory of the Uzbek SSR with participation by Soviet and foreign legal entities and citizens and their branches located within the territory of other union republics and countries and engaged in several types of activity (diversified) will pay profit taxes at the rates set for their basic type of activity (in line with receipts from the sale of products, work, and services).

When a joint venture is liquidated, the unused portion of the reserve fund will be taxed at the rate established for this enterprise;

d) for enterprises of the construction materials industry and the construction industry and for construction organizations (with the exception of installation and specialized construction organizations)—35 percent;

e) for consumer societies, their unions, and enterprises, associations, and organizations of the consumer cooperative network—35 percent;

f) for public organizations (trade unions and party, Komsomol, and other organizations), their enterprises and associations, international nongovernmental organizations, and the enterprises of religious organizations—35 percent;

g) for the economic organizations (with the exception of publishing houses) of the public education system, the public health network (including the sanatoriums and clinics of trade-union organizations), cultural establishments, scientific establishments, physical culture and sports establishments, the state television and radio broadcasting system, and religious organizations—25 percent;

h) for production cooperatives (or societies) and small enterprises (categorized as such in conformity with the law) and for their unions and associations, engaged in:

—the production and processing of agricultural products (with the exception of grape, fruit, and berry wines and strong liquors); the procurement and processing of recycled resources and household waste; the performance of services for the population; the production of consumer goods; the production of medical equipment and machines and equipment (and the components for them) for agriculture, light industry, and the food industry—25 percent;

—the production of construction materials and the performance of repair and construction work—35 percent;

—the production of conservation equipment and the performance of conservation operations—30 percent;

—the production and assembly of computer and communication systems and the production, repair, and maintenance of complex household appliances, computers, and industrial equipment—35 percent.

Production cooperatives (or societies) and small enterprises and their unions and associations engaged in other forms of activity will pay a profit tax of 45 percent.

By a decision of the Supreme Soviet of the Kara-Kalpak ASSR, oblast soviets of people's deputies, and the Tashkent City Soviet of People's Deputies, the profit tax rate may be raised to 60 percent for trade and commercial procurement cooperatives (or societies) and small enterprises if more than 30 percent of the work and services they perform are sold outside the Uzbek SSR.

Cooperatives (or societies) and small enterprises engaged in several types of activity (diversified) will pay profit taxes at the rates established for their basic activity (in line with receipts from the sales of products, work, and services).

2. The taxes collected from the taxpayers listed in subpoints "a," "c," "d," "f," and "g" of point 1 of this article will be deposited in the Uzbek SSR budget, the Kara-Kalpak ASSR budget, and local budgets according to the standards stipulated in the laws of the Uzbek SSR and Kara-Kalpak ASSR.

The taxes collected from the taxpayers listed in subpoints "b," "e," and "h" of point 1 of this article will be deposited in local budgets.

The taxes paid by production cooperatives (or societies) and small enterprises and by their unions and associations will be deposited in the budget of the rayon or city of their registration.

3. For the enterprises listed in point 1 of this article, tax rates will be applied within the maximum level of

profitability set for different branches according to the procedure established by the Uzbek SSR Supreme Soviet.

Profits exceeding the maximum profitability level will be taxed at the rates stipulated in point 3 of Article 4 of this law.

4. Associations of enterprises and organizations and concerns not engaged in economic activity and funded by the voluntary contributions of members will be exempt from the payment of profit taxes.

#### Article 6. Tax Privileges

1. The taxable profit calculated according to Article 2 of this law will be reduced by:

a) an amount equivalent to 30 percent of enterprise expenditures (with the exception of capital investments) on research and experimental design projects, the preparation and mastery of new progressive technologies and types of products (including machine-building products intended for export for hard currency), and the training and retraining of personnel funded by the enterprise's remaining profits;

b) the amount of the profit used to repay credit extended for the financing of centralized capital investments (for the term stipulated in the credit agreement) and not covered by the profits withheld for accumulation.

For enterprises in the communication sphere, this privilege will also extend to credit agreements signed prior to 1 August 1990 on the financing of capital investments for the development of the production base, and for enterprises of light industry and trade, it will also extend to credit to secure an increment in standardized working capital for the term stipulated in the credit agreement;

c) an amount equivalent to 30 percent of expenditures connected with conservation measures financed by the profits remaining at the disposal of the enterprise;

d) an amount equivalent to 20 percent of the increase in enterprise profits on consumer goods and paid services for the population if the production of these goods and the performance of these services do not represent the basic activity (or specialty) of the enterprise;

e) total profits earned from the introduction of new types of communication services for the development of production;

f) total expenditures covered by the profits remaining at the disposal of enterprises in accordance with the standardized expenditures approved by local soviets of people's deputies for the maintenance of their public health and vacation facilities, homes for the elderly and disabled, cultural and sports facilities, public education establishments, and housing facilities;

g) total profits contributed to charitable, ecological, cultural, and health funds, associations, and organizations; voluntary physical culture and sports societies; and the Red Crescent Society, but no more than one percent of the taxable profits calculated according to Article 2 of this law.

Total profits contributed to enterprises, establishments, and organizations of public education, public health, social security, physical culture and sports, and social aid committees, but no more than five percent of the taxable profits calculated according to Article 2 of this law;

h) total expenditures covered by the profits of enterprises (with the exception of agricultural enterprises and consumer cooperatives) on aid to scientific establishments engaged in basic research and to agricultural enterprises in construction projects in rural communities and the acquisition of equipment for them, but no more than one percent of the taxable profits (excluding the amounts stipulated in subpoint "e" of point 1 of this article) calculated according to Article 2 of this law;

i) an amount equivalent to 30 percent of the profits of enterprises hiring the retired and disabled if they constitute at least 50 percent of the total number of people employed at the enterprises, or an amount equivalent to 20 percent of the profits if the number of retired and disabled workers constitutes from 30 to 50 percent of the total staff;

j) an amount equivalent to 50 percent of the profits earned from the publication of works of local significance, children's books, textbooks, limited editions (up to 2,000 copies), scientific and technical literature, literature in the languages of small ethnic groups, and publications for the handicapped;

k) the total profits of research establishments on work and services requisitioned by the state and covered by budget allocations;

l) the total profits on the issuance and sale of goods at socially ordered low prices;

m) an amount equivalent to 30 percent of the profits used for the preparation and equipping of the material and technical base of the specialized emergency rescue subdivisions of the Uzbek SSR Civil Defense Administration for rescue operations in accidents, emergencies, natural disasters.

2. The following are exempt from the profit tax:

a) enterprises and their subcontractors earning a profit on the restoration of historical and cultural monuments;

b) training enterprises and training cooperatives;

c) the medical-production service shops of health care establishments;



d) enterprises manufacturing prostheses and orthopedic equipment and performing prosthetic services for the disabled;

e) the consolidated profits of the Uzbek SSR State Bank from the performance of its functions as a reserve system.

3. Newly established enterprises, regardless of forms of ownership, will pay 25 percent of the tax rate the first year after they begin operating and 50 percent the second year.

4. The following will be exempt from taxation in the consumer cooperative network:

a) the profits of newly organized enterprises (or shops) producing consumer goods out of local crude resources and waste products (including agricultural raw materials procured at purchase prices), with the exception of wine, vodka, tobacco, tobacco products, and perfume and cosmetics containing alcohol, on the condition that the value of the first-rate materials and resources used in the production of the goods does not exceed 25 percent of the total value of resources and materials—for two years after the start of operations at these enterprises (or shops);

b) the profit enterprises use for the development of their own material and technical base in rural communities, urban settlements, and rayon centers;

c) the profit from the sale of a personal catch of fish;

d) the kolkhoz market profits used for construction and the enlargement of their material and technical base, the development of hotels under their jurisdiction, landscaping, and the coverage of the operating costs of kolkhoz markets.

5. The following public organizations will be exempt from the payment of the tax:

a) public organizations of the disabled and their establishments and production-training enterprises and associations;

b) the Aral Fund, branches of the Soviet Children's Fund imeni V.I. Lenin, the Soviet Peace Fund, the Soviet Culture Fund, the Soviet Charity and Health Fund, the Fund for Aid to Developmentally Disabled Children imeni L.I. Vygotskiy, and the All-Union "Rehabilitation of the Disabled" Association, the Ulugbek, Navoi, Aybek, and Kadyr funds, the main mission of the People's Diplomacy Fund, the Cultural Association of Uzbekistan, branches of these funds and associations, and their enterprises and organizations, on the profits used by the funds and associations for the performance of their charter obligations;

c) Red Crescent societies, the VIDIM joint-stock concern for the construction of public health facilities, and their enterprises and organizations, on the profits

derived from the construction of public health facilities and used for the performance of their charter obligations;

d) the economically accountable enterprises of artistic unions, on the profits used by the unions for the performance of their charter obligations;

e) organizations of the All-Union Society of Inventors and Efficiency Experts, on the profits the society uses for the performance of its charter obligations;

f) enterprises established by youth and trade-union organizations in higher and secondary specialized academic institutions and secondary and vocational-technical institutes for the improvement of socioconsumer conditions for their students.

6. Joint ventures formed within the territory of the Uzbek SSR with participation by Soviet and foreign legal entities and citizens and their branches in which the foreign participant's share of the incorporation fund exceeds 30 percent:

a) the joint ventures will be exempt from the payment of profit tax for two years after registration, with the exception of enterprises engaged in the extraction of minerals and fishing. If the joint venture is liquidated prior to the end of three years, taxes due will be calculated in the full amount for the entire period of its operations;

b) taxable profits will be reduced by the amount of profit used for the development of production, for the payment of interest on long-term bank credit, with the exception of interest on overdue and deferred payments, and for research and experimental design projects and conservation measures.

7. In the case of production cooperatives (or societies), with the exception of kolkhozes, and of small enterprises:

a) taxable profits will be reduced by the amount of profit used for the payment of interest on long-term bank credit, with the exception of interest on overdue and deferred payments, and for research and experimental design projects and conservation measures;

b) cooperatives (or associations of cooperatives) and small enterprises of veterans of war, labor, and the USSR Armed Forces, established by councils of war and labor veterans, will be completely exempt from the payment of taxes if at least 50 percent of their employees are of retirement age (or retired).

Cooperatives (or societies) and small enterprises (with the exception of entertainment, mediating, and commercial procurement enterprises) will pay a profit tax equivalent to 25 percent of the tax rate established for their type of operations the first year after their establishment (or registration) and 50 percent the second year.

If a cooperative (or society) or small enterprise ceases operations prior to the end of three years, taxes due will

be calculated in the full amount established for these enterprises for the entire period of operations.

By a decision of the Kara-Kalpak ASSR Supreme Soviet, oblast soviets of people's deputies, and the Tashkent City Soviet of People's Deputies, additional profit tax privileges may be granted to certain production cooperatives (or societies) and small enterprises in connection with their type of operations, their contribution to the satisfaction of public demand, the conditions of material and technical supply and product sales (or the sale of work or services), and the pricing procedure used at these enterprises.

8. Rented enterprises set up in state enterprises and their structural subdivisions will reduce the amount of taxes calculated according to the rates stipulated in articles 4 and 5 of this law by the amount of their rental payments minus the amortization allowances included in these payments. If a state enterprise should make the transition to a rental basis, the rental payments, calculated according to law, will be deposited in the appropriate budget.

9. Laws of the Uzbek SSR and Kara-Kalpak ASSR will establish the procedure for granting additional profit tax privileges.

Local soviets of people's deputies may grant additional profit tax privileges within the limits of the local budget revenues collected from taxpayers within their territory.

#### **Article 7. Procedure for Clarifying Profit Tax Rates and Privileges**

The profit tax rates and all of the profit tax privileges envisaged in this law and the procedure for granting them may be clarified by the Uzbek SSR Supreme Soviet when the state budget for the coming year is being approved.

#### **Article 8. Tax Calculation Procedure and Payment Schedules**

1. Taxpayers will determine the amount of taxes due by calculating their taxable profits with a view to tax rates and applicable privileges.

2. During each quarter all taxpayers (with the exception of those listed in points 3 and 4 of this article) will deposit advance tax payments into the budget in the amount of the actual taxes paid for the corresponding period of the previous year.

Advance tax payments will be made no later than the 10th and 25th of each month in equal amounts equivalent to one-sixth of the quarterly profit tax sum.

At the request of the taxpayer owing a negligible profit tax, his local tax agency may establish a single payment date—the 20th day of each month, in the amount of one-third of the quarterly sum.

At the end of the first quarter, the end of the first half of the year, the end of the first nine months, and the end of the year, the taxpayer will calculate cumulative taxes since the beginning of the year on the basis of his actual taxable profits.

3. Consumer societies, their unions and enterprises, associations and organizations of the consumer cooperative network, cooperatives and public enterprises, associations, and organizations, kolkhozes, sovkhozes, and other agricultural enterprises will calculate taxes quarterly in a cumulative total since the beginning of the year, including the tax amounts calculated for previous quarters.

4. Joint ventures formed within the territory of the Uzbek SSR with participation by Soviet and foreign legal entities and citizens will make quarterly advance payments of profit taxes during the year in the amount of one-fourth of the annual sum no later than the 15th day of the last month of each quarter. Advance profit tax payments for the current year will be calculated by the enterprise on the basis of the financial plan for the current year.

The calculation of the tax on the profits actually earned during the past calendar year will be done by the enterprise no later than 15 March of the year following the report year on the basis of bookkeeping records (or balance sheets).

5. Taxes for the quarter will be paid within five days after the date set for the submission of bookkeeping records (or balance sheets), and taxes for the year will be paid within 10 days after the date set for the submission of year-end bookkeeping records (or balance sheets). Taxpayers will submit payment instructions to banks for the transfer of profit taxes to budget accounts prior to the payment due date.

Joint ventures formed within the territory of the Uzbek SSR with participation by Soviet and foreign legal entities and citizens will pay profit taxes in a clearing procedure in rubles or in foreign currency purchased by banks of the Uzbek SSR in the prescribed manner.

6. Excess tax payments will be applied to future payments or returned to the taxpayer within five days after the receipt of a written request.

7. Taxpayers will submit bookkeeping records (declarations) and balance sheets to local tax agencies according to the procedure and on the dates stipulated by the laws of the Uzbek SSR and will report profit tax payments on the forms approved by the Uzbek SSR Ministry of Finance. Joint ventures formed within the territory of the Uzbek SSR with participation by Soviet and foreign legal entities and citizens will submit year-end bookkeeping reports and balance sheets by 15 March of the year following the report year.

**Chapter II. Tax on Profits Earned by Foreign Legal Entities From Activities Within the Territory of the Uzbek SSR****Article 9. Taxpayers**

Tax on the profits of foreign legal entities will be paid by companies, associations, and any other organizations recognized as legal entities by the laws of their own country and engaged in economic activity within the territory of the Uzbek SSR or in the economic zone of the Uzbek SSR through permanent representation. For the purposes of taxation, the permanent representation of a foreign legal entity in the Uzbek SSR will signify a bureau, office, agency, or any other place where operations are conducted (connected with the exploitation of natural resources, the performance of contracted services in construction and the installation, assembly, adjustment, alignment, and maintenance of equipment, and other operations of this type), as well as organizations and citizens representing a foreign legal entity within the territory of the Uzbek SSR.

The foreign legal entity will conduct economic operations in the Uzbek SSR through permanent representation on the condition of its registration with the tax agency in the location of the permanent representation.

The failure of a foreign legal entity conducting activity in the Uzbek SSR through permanent representation to register will be regarded as the concealment of taxable income.

The commencement or completion of operations in the Uzbek SSR by a foreign legal entity must be registered within the month following the commencement or the month prior to the completion of the operations.

**Article 10. Object of Taxation**

The object of taxation is the profit earned by the foreign legal entity conducting operations through permanent representation within the territory of the Uzbek SSR and in the economic zone of the Uzbek SSR.

The distinctive features of profits and the expenses taken into account during the calculation of taxes will be defined according to the procedure established by the Cabinet of Ministers of the President of the Uzbek SSR.

If the profits earned by a foreign legal entity in connection with its activities in the Uzbek SSR cannot be calculated directly, the calculation of profits on the basis of gross income or incurred expenses with a profitability level of 15 percent may be authorized by the tax agency in the location of the permanent representation.

A foreign legal entity receiving compensation for activity performed in the Uzbek SSR through permanent representation in the form of products or property will pay a profit tax calculated on the basis of contract prices, the prices of the main Soviet exporting organizations, or the world prices of these or comparable products or property.

**Article 11. Tax Rates and Budget Deposits**

The profit earned by a foreign legal entity from activity performed within the territory of the Uzbek SSR will be taxed at the rate stipulated in subpoint "c" of point 1 of Article 5 of this law.

Taxes will be deposited in the republic budget, the Kara-Kalpak ASSR budget, and local budgets according to the procedure stipulated in point 2 of Article 5 of this law.

The total profit taxes deposited in the budget of the Uzbek SSR, the Kara-Kalpak ASSR budget, and local budgets and payments for natural resources (with the exception of sums included in the overhead costs of products—or work or services) must not exceed the maximum amount of profit tax subject to collection according to the rate stipulated in subpoint "c" of point 1 of Article 5 of this law.

**Article 12. Tax Privileges**

Foreign legal entities conducting operations in the Uzbek SSR will be exempt from the payment of profit tax for the first two years after registration (and those operating in remote rural and alpine regions and communities with a population of under 2,000 will be exempt for the first three years). If the foreign legal entity is liquidated prior to the end of three years after the registration date, the full amount of the profit tax for the entire period of operations will be due. Foreign legal entities conducting operations in the Uzbek SSR will be eligible for the tax privileges granted to joint ventures formed within the territory of the Uzbek SSR with participation by Soviet and foreign legal entities and citizens listed in point 6 of Article 6 of this law.

**Article 13. Tax Calculation Procedure and Payment Schedules**

1. The amount of tax will be calculated on the basis of taxable profits with consideration for tax rates and tax privileges in accordance with Article 12 of this law.

The profit tax of foreign legal entities will be calculated annually by the tax agency in the location of their permanent representation. Foreign legal entities conducting operations in the Uzbek SSR will submit a report on their operations in the Uzbek SSR to a tax agency no later than 15 April of the year following the report year, as well as a declaration of income in the format approved by the Uzbek SSR Ministry of Finance. If these operations are terminated prior to the end of the calendar year, these documents must be submitted within a month after the termination date.

The income declarations of foreign legal entities conducting operations in the Uzbek SSR will be subject to annual inspections for a fee by an economically accountable auditing organization.



2. The taxpayer will be issued a payment notice for the calculated amount of taxes in the format approved by the Uzbek SSR Ministry of Finance.

Taxes will be paid on the dates stipulated in the payment notice in a clearing procedure in rubles or in foreign currency purchased by banks in the prescribed manner.

### Chapter III. Turnover Tax

#### Article 14. Taxpayers

Turnover tax will be paid by enterprises, associations, and organizations (including production cooperatives and joint ventures with participation by Soviet and foreign legal entities and citizens and their branches) producing and selling goods (or products) subject to the turnover tax.

#### Article 15. Tax Rates and Budget Deposits

Turnover tax rates will be set at percentages of the taxable turnover, based on state retail prices minus trade and wholesale discounts (and shipping costs) or on regulated and free retail prices or fixed amounts for each unit of goods (or product).

In the case of goods (or products) for which enterprise wholesale and retail prices (industry wholesale prices) have been set, the tax will be calculated as the difference between these prices minus trade and wholesale discounts (and shipping costs).

The conditions of the institution of the turnover tax and the tax rates will be set according to the procedure established by the Cabinet of Ministers of the President of the Uzbek SSR.

The determination and approval of turnover tax rates for enterprises for goods sold at state retail, regulated, and free retail prices will be the responsibility of the following:

a) in the case of goods for which retail prices are approved by pricing agencies of the Uzbek SSR and Kara-Kalpak ASSR and by authorized ministries (or departments), by the Uzbek SSR Ministry of Finance;

b) in the case of goods for which retail prices are approved by oblsposkoms and gorisposkoms (in cities of republic jurisdiction), by the local state tax inspection boards of the Uzbek SSR Ministry of Finance.

Approved turnover tax rates will be revised following centralized changes in prices and tariffs.

Turnover tax will be deposited in the republic budget of the Uzbek SSR with the exception of the portion deposited in the Kara-Kalpak ASSR budget and local budgets according to the standards established by the Uzbek SSR Supreme Soviet.

#### Article 16. Tax Privileges

1. The following will be exempt from the payment of turnover tax:

a) for two years after the start of operations—

—enterprises manufacturing goods out of local raw materials and waste products (with the exception of vodka, wine and vodka products, beer, tobacco, tobacco products, plastic items, and perfume and cosmetics containing alcohol), on the condition that the value of the first-rate materials and resources used in the production of the goods does not exceed 25 percent of the total value of resources and materials;

—folk arts and crafts enterprises selling their own art works;

b) enterprises of societies for the blind and deaf and production-training enterprises for the blind and deaf if people with limited capacity for work represent at least 50 percent of the total number of people employed by these enterprises;

c) consumer cooperative enterprises selling goods (with the exception of grape, fruit, and berry wines, strong liquor, and beer) located in alpine and remote regions, in the amount of up to 50 percent of the total turnover tax, and those located in cities of rayon jurisdiction, urban settlements, and rural communities in the amount of 25 percent of the turnover tax;

d) kolkhozes, sovkhozes, and other agricultural enterprises selling items made of local raw materials and raw materials of their own production, with the exception of plastic items, pelts and hides, furs, jewelry, and wine and vodka products made with the use of alcohol;

e) enterprises and economic organizations of the Soviet Children's Fund imeni V.I. Lenin, the Soviet Peace Fund, the Soviet Culture Fund, the Soviet Charity and Health Fund, the Red Crescent societies, the Aral Fund, the Ulugbek, Navoi, Aybek, and Kadyr funds, the All-Union: "Rehabilitation of the Disabled" Association, and main mission of the People's Diplomacy Fund, for the goods and products produced in line with their special activities;

f) enterprises and economic organizations of artistic unions within the limits of the turnover tax used by these unions for the performance of their charter obligations;

g) cooperatives (or associations of cooperatives) of veterans of war, labor, and the Armed Forces of war and labor veterans' councils in which at least 50 percent of the employees are of retirement age (or retired) and in which goods are made of local raw materials and waste products;

h) training enterprises and training cooperatives selling goods of their own manufacture.

2. Enterprises producing consumer goods will have the right to keep up to 30 percent of the tax on the turnover

representing the increment in their production in comparison with the previous period according to the procedure established by the Cabinet of Ministers of the President of the Uzbek SSR.

3. Enterprises with inadequate accumulation funds may use up to 50 percent of the tax on the turnover representing sales of additional goods produced as a result of extended credit to repay bank credit used for production growth, the improvement of the quality of consumer goods, and the expansion of the assortment of these goods.

4. Additional turnover tax privileges for certain taxpayers and the rules and dates of payment will be established according to the procedure defined by the Cabinet of Ministers of the President of the Uzbek SSR.

#### **Chapter IV. Sales Tax**

##### **Article 17. Taxpayers**

A sales tax will be paid by:

- a) enterprises, associations, and organizations engaged in production, commercial, and other business activity in line with the principles of economic accountability, having their own balance sheets, and representing legal entities, including joint ventures formed within the territory of the Uzbek SSR, international associations conducting economic operations, and branches in the Uzbek SSR of joint ventures formed within the territory of other union republics and countries with participation by Soviet legal entities and citizens, regardless of forms of ownership;
- b) international associations and international nongovernmental organizations (or associations) producing and selling products, goods, and services;
- c) organizations, including budget-carried organizations, not operating on the basis of economic accountability but producing and selling products, goods, and services;
- d) foreign legal entities operating within the territory of the Uzbek SSR and producing and selling products, work, and services.

##### **Article 18. Object of Taxation and Tax Rates**

Tax rates will be set in percentages of the sales volume of technical products for use in production, consumer goods, completed work, and paid services in the amounts established by the Cabinet of Ministers of the President of the Uzbek SSR.

##### **Article 19. Procedure for Depositing Taxes in Budgets**

The procedure for distributing taxes among the republic budget and local budgets will be defined by republic law.

The procedure for calculating and paying taxes will be established by the Cabinet of Ministers of the President of the Uzbek SSR.

#### **Chapter V. Taxes on Exports and Imports**

##### **Article 20. Taxpayers**

The tax on exports and imports will be paid by all organizations listed in Article 1 of this law conducting foreign trade operations.

##### **Article 21. Tax Calculation Procedure**

The tax on exports and imports represents a form of state appropriation of the net income resulting from differences in foreign trade prices (converted into Soviet rubles at the exchange rate of USSR Gosbank) and the domestic prices of the USSR and Uzbek SSR for several types of goods brought into the Uzbek SSR or taken out of its territory.

The tax on exports and imports will be calculated in Soviet rubles:

- a) at rates representing percentages of the foreign trade (contract) value of goods (converted into Soviet rubles at the exchange rate of USSR Gosbank) declared by the owner (or administrator) of the goods subject to taxation in a customs declaration when they are taken across the border of the USSR;
- b) as the difference between foreign trade prices (converted into Soviet rubles at the exchange rate of USSR Gosbank) and the domestic prices of the Uzbek SSR for certain types of exported or imported goods of statewide significance minus the overhead costs of the foreign trade transaction.

The list of these goods, the different types of overhead expenses, and the rate, procedure, and dates of payment of the tax on exports and imports, as well as tax privileges, will be established according to the procedure set by the Cabinet of Ministers of the President of the Uzbek SSR.

##### **Article 22. Procedure for Depositing Taxes**

All taxes on exports and imports will be deposited in the republic budget of the Uzbek SSR.

#### **Chapter VI. Tax on Crude Resources Taken Out of the Republic**

##### **Article 23. Taxpayers**

This tax will be paid by the Main Administration for Supplies and Sales of Crude Resources and Products of Light Industry of the Cabinet of Ministers of the President of the Uzbek SSR and by enterprises selling crude resources outside the Uzbek SSR.

##### **Article 24. Tax Calculation Procedure**

The tax on crude resources sold outside the republic represents a form of budget appropriation of part of the net income resulting from differences in existing fixed prices in the Uzbek SSR and contract (or commercial) prices.

**Article 25. Tax Payment Procedure and Budget Deposits**

The list of crude resources subject to taxation, overhead expenses, and the rates and payment, budget deposit, and tax distribution procedures will be defined by the Cabinet of Ministers of the President of the Uzbek SSR.

**Chapter VII. Tax on Wage Fund of Kolkhoz Farmers**

**Article 26. Taxpayers**

The tax on the wage fund of kolkhoz farmers will be paid by kolkhozes.

**Article 27. Object of Taxation**

The object of taxation is the portion of the wage fund of kolkhoz farmers exceeding the nontaxable amount, calculated as 160 rubles a month for each kolkhoz farmer working on the farm.

When the taxable portion of the wage fund is being calculated, all sums to be paid out to kolkhoz farmers will be taken into account, including supplementary wages, all forms of bonuses and awards, and compensation in the form of physical products.

Products included in wages will be appraised on the basis of their production costs.

**Article 28. Tax Rates and Budget Deposits**

The tax on the taxable portion of the wage fund of kolkhoz farmers will be paid by all kolkhozes at a rate of eight percent.

All taxes will be deposited in local budgets.

**Article 29. Tax Calculation Procedure and Payment Schedules**

The taxable portion of the wage fund of kolkhoz farmers will be calculated on the basis of the total wage fund of kolkhoz farmers in all branches of farming, including the value of physical products, appraised at purchase prices, designated for issuance to kolkhoz farmers as part of their wages.

The taxable portion of the wage fund of kolkhoz farmers will be calculated as the difference between the amount of money set aside for the payment of wages to kolkhoz farmers, including the value of physical products (appraised at purchase prices), and the nontaxable portion of the wage fund, calculated on the basis of the nontaxable minimum average monthly wage of 160 rubles for each kolkhoz farmer working on the farm.

Tax payments for the first, second, and third quarters will be calculated on the basis of bookkeeping records and reports of amounts paid out to kolkhoz farmers from the total wage fund since the beginning of the year in percentages corresponding to the difference between the total income tax on the taxable portion of the wage fund of kolkhoz farmers for the previous year and the total

fund for that same year. Tax amounts calculated for the previous period of the current year will be excluded from these computations.

The amount of tax on the wage fund of kolkhoz farmers to be paid in the fourth quarter will be calculated on the basis of the anticipated wages of kolkhoz farmers for the year in line with the percentages set for the computation of taxes for the first, second, and third quarters, excluding payments for earlier quarters. The final payment on the taxable portion of the wage fund of kolkhoz farmers will be made in line with data in kolkhoz annual reports, based on the actual wage fund of kolkhoz farmers for the year and the average annual number of kolkhoz farmers working in the public farming sector.

Kolkhozes will pay an income tax on the wage fund of kolkhoz farmers before the 25th day of each month following the end of the quarter in an amount calculated on the basis of the wage report for the corresponding quarter.

**Chapter VIII. Tax Regulating Expenditure of Resources Intended for Consumption**

**Article 30. Taxpayers**

The tax will be paid by enterprises, associations, and organizations, with the exception of kolkhozes, foreign legal entities, international non-governmental organizations (or associations), international associations conducting economic operations, and joint ventures formed within the territory of the Uzbek SSR with participation by Soviet and foreign legal entities and citizens if the foreign participant's share of the incorporation fund is at least 30 percent.

**Article 31. Object of Taxation**

The object of taxation is the excess amount of resources intended for consumption over the nontaxable amount.

**Article 32. Composition of Resources Intended for Consumption**

The resources intended for consumption include:

- a) total expenditures on the payment of wages to all enterprise personnel;
- b) monetary payments, including awards for year-end results, resources intended for other types of work incentives in monetary and physical forms, material assistance, resources used for the establishment of labor and social benefits, and other payments of an individual nature, with the exception of royalties and awards for discoveries, inventions, and efficiency proposals;
- c) income (dividends and interest) paid out on the stock of the labor collective and the contributions of members of the labor collective to enterprise property.

**Article 33. Nontaxable Amount of Resources Intended for Consumption**

The nontaxable amount of resources intended for consumption is calculated by multiplying the cost-accounting income for the current period, calculated in accordance with Article 34 of this law by the proportion accounted for by these resources in the cost-accounting income for the corresponding period of the previous year. The resulting figure is adjusted with the use of a coefficient to secure the quicker growth of cost-accounting income than of resources intended for consumption. The coefficient has been set at 0.98. If necessary, this coefficient may be changed with a view to the distinctive features of production in certain branches by a decision of the Cabinet of Ministers of the President of the Uzbek SSR.

To determine the proportional amount of resources intended for consumption, the amount in the cost-accounting income for the corresponding period of the previous year is reduced by the amount of the resources exceeding the nontaxable amount during that period.

Enterprises which have allowed resources intended for consumption to exceed the nontaxable amount at the end of the year and have paid the tax will cover these sums (including the tax) with resources intended for consumption in the next year.

A savings in resources intended for consumption in comparison with the non-taxable amount may be deposited in a reserve fund and may be used by the enterprise for consumption during subsequent periods without paying the regulating tax. This savings will be taken into account when proportional resources for consumption are calculated for the current period.

**Article 34. Cost-Accounting Income Used for the Regulation of Resources Intended for Consumption**

The cost-accounting income of enterprises, used for the regulation of resources intended for consumption, is calculated as total expenditures on wages in the overhead costs of selling products (or work or services) and the profits remaining at the disposal of enterprises.

Cost-accounting income is calculated in prices and conditions comparable to those of the preceding year. If changes in the structure of production as a result of the performance of work and the shipment of goods for state needs have reduced this income, the amount will be increased accordingly.

**Article 35. Tax Rates and Budget Deposits**

The tax rates will be established by the Uzbek SSR Supreme Soviet when the republic state budget for the coming year is being approved.

The tax will be deposited each quarter by enterprises (or farms) of union and republic jurisdiction in the republic budget of the Uzbek SSR and by all other enterprises in the Kara-Kalpak ASSR budget and local budgets.

**Article 36. Tax Privileges**

The following will not be taxed:

- a) an increase in resources intended for consumption at new enterprises (or facilities) during the standard period for the achievement of projected technical and economic indicators and the first year of operations following the end of this period;
- b) an increase in resources intended for consumption in connection with centralized measures to raise the public standard of living, including the institution of new wage conditions and the elimination of the after-effects of emergency situations;
- c) resources for the payment of wages at enterprises employing the disabled and people with limited labor potential if they represent more than 50 percent of the total number of people employed at the enterprises;
- d) payments to assist the families of individuals who die on the job and monetary compensation over and above the usual pensions and payments for people who are crippled on the job or who suffer from occupational diseases.

The Cabinet of Ministers of the President of the Uzbek SSR may establish additional tax privileges with a view to enterprise delivery volumes of consumer goods and volumes of paid services for the population and in connection with changes in the geological, hydrological, and other conditions of operation at enterprises in various branches of the national economy.

**Chapter IX. Income Tax****Article 37. Taxation of Income Earned by Enterprises, Associations, and Organizations from Their Stocks, Bonds, and Other Securities and from Proportional Participation in Joint Ventures**

1. The income earned by enterprises, associations, and organizations, with the exception of those listed in Article 38 of this law, from their stocks, bonds, and other securities and the income earned by the Soviet participants from participation in joint ventures will be taxed at a rate of 15 percent.

2. The income of foreign participants resulting from the distribution of the profits of joint (foreign) ventures will be taxed at a rate of 15 percent when it is taken out of the country unless international agreements of the USSR and Uzbek SSR on tax matters stipulate otherwise.

When income is transferred abroad, the tax on this income will be paid in the currency of the transfer unless the articles of incorporation of enterprises, associations, and organizations stipulate otherwise.

3. The taxes discussed in points 1 and 2 of this article will be collected at the source. The enterprise paying out the income and the foreign participant in a joint venture or foreign legal entity conducting operations within the



territory of the Uzbek SSR will be responsible for withholding the tax and transferring it to the budget.

4. Dividends on state bonds and other state securities will be exempt from this tax.

5. The foreign participant in a joint ventures formed within the territory of the Uzbek SSR with participation by Soviet and foreign legal entities and citizens and granted full or partial tax exemptions in international agreements of the USSR and Uzbek SSR on income resulting from the distribution of profits will submit a request for a tax reduction or release in line with the procedure established by the Uzbek SSR Ministry of Finance. If the request is drawn up after the income has been transferred abroad, it must be submitted within a year after the transfer date. Requests submitted after a year will not be considered.

6. Income earned within the territory of the Uzbek SSR and outside the republic will be taxed in the manner prescribed by this article.

7. All taxes paid by the taxpayers listed in this article will be deposited in the republic budget of the Uzbek SSR.

#### **Article 38. Tax on Income of Foreign Legal Entities Not Connected With Operations in Uzbek SSR**

1. Foreign legal entities earning income not connected with operations in the Uzbek SSR will pay taxes on income from dividends, interest, royalties, license fees, freight and rental payments, and other income from sources in the Uzbek SSR and not connected with operations conducted in the Uzbek SSR through permanent representation at the rates stipulated in point 2 of this article unless international agreements of the USSR and Uzbek SSR on tax matters stipulate otherwise.

2. This income, with the exception of freight fees, will be taxed at a rate of 20 percent.

Income from freight fees paid to foreign legal entities in connection with international shipments will be taxed at a rate of six percent.

3. Income in the form of interest on credit extended to the Government of the Uzbek SSR, the State Bank of the Uzbek SSR, or the Uzbek Republic Bank of the USSR Foreign Economic Bank will be exempt from this tax.

4. A foreign legal entity granted a full or partial exemption in international agreements of the USSR and Uzbek SSR from the payment of taxes on income from sources in the Uzbek SSR will request a tax reduction or release in the manner prescribed by the Uzbek SSR Ministry of Finance. If the request is made after the income has been transferred abroad, it must be submitted within a year after the transfer date. Requests submitted after a year will not be considered.

5. The tax on the income of foreign legal entities from sources in the Uzbek SSR will be withheld by the enterprise or organization paying the income to the

foreign legal entity in the transfer currency on the full amount at the time of each payment and will be deposited in the republic budget of the Uzbek SSR (or in the Kara-Kalpak ASSR budget if the enterprise paying the income is located within the territory of the autonomous republic).

#### **Article 39. Tax on the Income from Casinos, Video Salons (or Screening Rooms), Video Arcades, and Public Concerts and Other Forms of Entertainment**

1. The income derived from casinos, video salons (or screening rooms), video arcades with games paying jackpots, and lotteries conducted by nongovernmental bodies will be taxed at a rate of 60 percent.

The income from public concerts and other forms of entertainment in the open air, stadiums, sports arenas, and other premises accommodating over 2,000 spectators will be taxed at a rate of 60 percent.

For taxation purposes, the material expenditures connected with the derivation of this income will be deducted from the receipts.

2. Half of this tax will be deposited in the republic budget of the Uzbek SSR and the remaining 50 percent will be deposited in local budgets.

### **Chapter X. Special Provisions**

#### **Article 40. Special Features of Taxation of Foreign Legal Entities**

1. If international agreements of the USSR and Uzbek SSR set rules other than those stipulated in this law, the rules of the international agreements will apply.

The provisions of this law will not affect the tax privileges established by the common standards of international law and special agreements of the USSR and Uzbek SSR with other states.

2. The collection of taxes on the income of foreign legal entities may be suspended or limited on the basis of mutuality if the same measures are taken in the corresponding foreign state toward Soviet legal entities in the case of the same or similar taxes with the approval of the tax agencies of that state.

3. When commercial agreements are being concluded with foreign firms, the contract may not contain any tax provisions obligating the enterprise, establishment, or organization paying out the income to assume responsibility for the payment of taxes on the profits (or income) of foreign legal entities.

#### **Article 41. Elimination of Double Taxation**

The profits or income earned abroad will be included in the total amount of profits or income subject to taxation in the Uzbek SSR and will be taken into account during the calculation of tax amounts.

Total taxes on profits or income earned outside the Uzbek SSR and paid by enterprises, associations, and organizations abroad in accordance with the laws of foreign states will be taken into account when they pay taxes on profits or income in the Uzbek SSR. The amount may not exceed the amount of tax on profits (or income) due in the Uzbek SSR as the tax on profits (or income) earned outside the republic.

### **Chapter XI. Obligations and Responsibilities of Taxpayers and Enforcement of Tax Laws**

#### **Article 42. Obligations of Taxpayers**

1. The taxpayers listed in this law will be obligated to:

a) keep bookkeeping records and accounts of financial and economic activity according to the established procedure and submit bookkeeping reports, balance sheets, tax estimates, and other necessary documents and information connected with the calculation and payment of taxes to tax agencies;

b) produce evidence or submit documents confirming eligibility for tax privileges;

c) pay all taxes due on time and in full;

d) allow officials of tax agencies to inspect the premises where operations producing profits (or income) or the maintenance of objects of taxation are conducted and to verify tax calculations and payments.

2. Managers and other officials of enterprises, establishments, and organizations must sign the inspection report of the tax agency and submit written explanations if they disagree with the facts stated in the report. They will also be obligated to comply with tax agency requirements to correct discovered violations of tax laws.

3. Taxpayers obligated by the laws of the Uzbek SSR to submit bookkeeping records and balance sheets, tax estimates, or declarations of income to tax agencies after their verification by an economically accountable auditing organization will be expected to submit a document confirming the audit to the tax agency within the year following the report year.

Taxpayers not submitting these documents will be subject to the penalties listed in Article 43 of this law. These penalties will not be imposed if the audit was not conducted on the scheduled date through no fault of the taxpayer.

#### **Article 43. Responsibilities of Taxpayers**

1. Taxpayers and their officials will be responsible for the accuracy of tax computations, the timely payment of taxes, and the observance of existing tax laws.

2. The taxpayers listed in this law who do not have bookkeeping records and balance sheets and turnover tax calculations in the proper format for the report period ready by the tax payment date will pay 110 percent of the tax due for the preceding report period.

After the necessary documents have been submitted, the tax will be recalculated on the basis of actual profits, taxable turnover, and other objects of taxation.

3. Taxpayers will pay a fine in the amount of 10 percent of the taxes due for the absence of profit (or income) records or for improperly kept records and also for the failure to submit reports, estimates, and other documents needed for the calculation and payment of taxes to tax agencies on schedule.

4. In the event of the concealment (or understatement) of profits (or income) or the concealment of other objects of taxation, taxpayers will owe the budget the entire amount of concealed (or understated) profits (or income) or the amount of the tax for the concealed object of taxation and a fine in the same amount, and if the violation is repeated they will owe a fine of double the amount. The amounts of concealed (or understated) profits (or income) and the amount of tax due for another concealed object of taxation and fines will be transferred to the budget from the profits (or income) remaining at the disposal of the taxpayer.

5. The concealment of income earned in hard currency will result in the conversion of the amount of income at the special exchange rate of USSR Gosbank unless the laws of the Uzbek SSR stipulate otherwise. The amount of the concealed (or understated) profits (or income), turnover tax or tax for another concealed object of taxation, and the fines must be paid by the taxpayer within 10 days after tax agency officials report the discovered violations.

6. In the case of enterprises paying their taxes in accordance with this law, the amount of concealed (or understated) profit (or income) and the fine will be transferred to the budget account in the manner prescribed by the laws of the Uzbek SSR and Kara-Kalpak ASSR.

7. Officials responsible for the concealment (or understatement) of profits (or income) or the concealment of other objects of taxation, for the absence of bookkeeping reports or for incorrectly kept records and distorted reports, or for the submission of bookkeeping records, balance sheets, estimates, and other documents connected with the calculation and payment of taxes and other budget payments of the incorrect format, will be subject to administrative fines, levied by tax agencies in conformity with the laws of the Uzbek SSR.

The deliberate concealment (or understatement) of profits (or income) or concealment of other objects of taxation will be prosecuted according to the procedure established by the laws of the Uzbek SSR.

#### **Article 44. Procedure for Collecting and Returning Incorrectly Calculated Taxes**

1. The amount of tax not paid on schedule and the amount of concealed (or understated) profits (or income) and turnover tax or the amount of tax for another

concealed object of taxation and the fine for the concealment (or understatement) of profits (or income) and the concealment of another object of taxation will be collected for the entire period of evasion on the unconditional orders of tax agencies.

Taxes not paid on time will be collected for the entire period of arrears with the addition of a penalty of 0.5 percent of the unpaid amount for each day the payment is overdue (including the payment date).

2. Taxes on the income of the foreign legal entities listed in articles 37 and 38 of this law which have not been recorded in the budgets of the enterprises, establishments, and organizations paying out the income will be collected from the funds remaining at the disposal of these enterprises, establishments, and organizations after accounts are settled with the budget in an unconditional manner, regardless of the time when the income was paid to the foreign payee.

3. Excess taxes paid as a result of inaccurate calculations or violations of the established collection procedure will be returned to the taxpayer or applied to future payments due if it has been less than a year since the receipt of the payment. The submission of a request for the return of excess payments will terminate this period.

Incorrectly paid taxes will be returned from the budget no more than a year after the overpayment has been discovered.

#### Article 45. Tax Agency Oversight

Tax agencies will oversee the enforcement of tax regulations in conformity with the laws of the Uzbek SSR.

The failure of officials of enterprises and organizations to comply with the requirements, instructions, and orders of tax agencies and their officials in the performance of their duties in line with this law will incur administrative liability in conformity with the laws of the Uzbek SSR.

#### Article 46. Appeals of Actions of Tax Agency Officials

1. Complaints about the actions of tax agency officials committed during the collection of taxes will be submitted to their immediate superiors. The complaints will be investigated and rulings on them will be made within 30 days after the receipt of the complaint.

Rulings on complaints may be appealed within a month to a superior tax agency.

2. Appeals of the actions of tax agency officials connected with the imposition of administrative penalties will be conducted in conformity with the laws of the Uzbek SSR on administrative violations.

3. The submission of a complaint will not stop the collection of taxes. The agency investigating the complaint will have the right to suspend the collection of the calculated amount of taxes due until a ruling has been issued on the complaint.

#### Article 47. Instructions on Application of This Law

Instructions on the application of this law will be published by the Uzbek SSR Ministry of Finance.

*[Signed] I. Karimov, President, Uzbek SSR, Tashkent, 15 February 1991*

#### Decree on Law's Implementation

914A0616B Tashkent PRAVDA VOSTOKA in Russian  
6 Mar 91 p 4

[Decree of the Uzbek SSR Supreme Soviet on the Procedure for Implementing the Law of the Uzbek SSR: "On Enterprise, Association, and Organization Taxes," signed by Chairman M. Ibragimov of the Uzbek SSR Supreme Soviet in Tashkent on 15 February 1991]

[Text] The Supreme Soviet of the Uzbek Soviet Socialist Republic decrees that:

1. The law of the Uzbek SSR: "On Enterprise, Association, and Organization Taxes" will go into force on 1 January 1991, with the exception of the provisions stipulated in point 4 of this decree.

2. Until the laws of the Uzbek SSR and Kara-Kalpak ASSR have been brought in line with the law of the Uzbek SSR: "On Enterprise, Association, and Organization Taxes," the existing laws of the USSR, Uzbek SSR, and Kara-Kalpak ASSR will apply if they do not contradict this law.

3. The law of the Uzbek SSR: "On Enterprise, Association, and Organization Taxes" will apply to enterprises, associations, and organizations, regardless of forms of ownership, in accounts with the budget beginning with the results of operations in 1991.

The provisions of the law stipulated in subpoint "a" of point 6 of Article 6 will apply to joint ventures formed within the territory of the Uzbek SSR with participation by Soviet and foreign legal entities and citizens and registered prior to 1 January 1991 regardless of their sphere of operations.

4. The tax regulating the expenditure of resources intended for consumption will not be collected in 1991.

5. The maximum level of profitability to be used in calculating the profit tax rate will be double the average branch level.

The Cabinet of Ministers of the President of the Uzbek SSR will define the procedure for calculating profitability and the average level for branches of the national



economy with consideration for new wholesale, purchase, retail, and estimated prices and tariffs before 1 April 1991.

6. When taxable profits are being calculated in 1991, the standard amount of expenditures on wages will be calculated by enterprises on the basis of the growth of production volume (or the volume of work or services) or other operational indicators.

The Cabinet of Ministers of the President of the Uzbek SSR will set coefficients of increase in wage expenditures for branches of the national economy and industry (types of basic operations) before 1 April 1991.

The basic amount for the calculation of wage expenditures included in the overhead costs of products (or work or services) in accordance with point 4 of Article 3 of the law will be set at 400 rubles.

7. The provisions of Article 7 of the law will not affect the taxation of foreign legal entities, joint ventures formed within the territory of the Uzbek SSR with participation by Soviet and foreign legal entities and citizens if the foreign participant's share of the incorporation fund exceeds 30 percent, international governmental organizations (or associations), international associations conducting economic operations, and branches in the Uzbek SSR of joint ventures formed within the territory of other union republics and foreign states with participation by republic enterprises, organizations, establishments, and businessmen.

8. The Cabinet of Ministers of the President of the Uzbek SSR will submit a proposal on the substance, amounts, and procedure of granting additional tax privileges for enterprises, associations, and organizations to the Uzbek SSR Supreme Soviet with the draft republic budget for 1992.

9. The Cabinet of Ministers of the President of the Uzbek SSR will:

- make the necessary decisions to secure the implementation of this law;

Before 1 May 1991:

- submit proposals to the Uzbek SSR Supreme Soviet on the coordination of the laws of the Uzbek SSR and Kara-Kalpak ASSR with the law of the Uzbek SSR "On Enterprise, Association, and Organization Taxes";

- coordinate the decisions of the Government of the Uzbek SSR with the law of the Uzbek SSR "On Enterprise, Association, and Organization Taxes";

- arrange for the revision and rescindment of administrative documents contradicting this law by the issuing ministries, state committees, and departments of the Uzbek SSR.

10. The Supreme Soviet of the Kara-Kalpak ASSR is advised to use the average level of payments into the budget throughout the republic at the time the law goes into effect as the basis for the determination of profit tax rates for kolkhozes, sovkhozes, and other agricultural enterprises and profit tax privileges.

11. Local soviets of people's deputies are advised to approve standard expenditures on the maintenance of enterprise-supported public health facilities, pre-school establishments, Pioneer camps, and other facilities listed in subpoint "g" of point 1 of Article 6 of the law.

[Signed] M. Ibragimov, chairman, Uzbek SSR Supreme Soviet, Tashkent, 15 February 1991

### **Kazakh Draft Law on Provision of Pensions to Citizens**

914A0608A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 13, 14, 15 Mar 91

[Kazakh Soviet Socialist Republic Draft Law on Provision of Pensions to Citizens in the Kazakh SSR]

[13 Mar 91, p 3]

[Text] In accordance with the Kazakh SSR Constitution and the Declaration "On the State Sovereignty of the Kazakh Soviet Socialist Republic" this law guarantees to all nonable-bodied citizens of the Kazakh SSR the right to material security through the granting of labor and social pensions.

The law eliminates the leveling approach in the provision of pensions and considers labor and its results the basic criterion.

The law provides for a rise in the level of pensions, especially to badly-off nonable-bodied citizens, takes into account the ecological, demographic, and other characteristics of the republic and its regions, and ensures social protection for pensioners, including through a regular revision of pensions as the cost of living changes, wages increase, and the efficiency of the republic's economy rises.

### **Section I. General Provisions**

#### **Article 1. The Right of Citizens in the Kazakh SSR to Provision of State Pensions**

Citizens residing in Kazakh SSR territory, including foreign citizens and stateless persons, have the right to the provision of pensions under the terms of this law.

The indicated citizens, according to their choice, have the right to the provision of pensions under the terms of the USSR Law on Provision of Pensions to Citizens in the USSR.

In cases when pension privileges are determined by Union legislation (for persons working in regions of the Far North and in areas equated with regions of the Far North and others), according to the norms of this law,

pensions are granted to citizens with due regard for the privileges determined by Union legislation.

#### **Article 2. Provision of Pensions to Servicemen and Their Families**

The terms, norms, and procedure of provision of pensions to servicemen, as well as to command and rank-and-file personnel at internal affairs bodies and to their family members, are regulated by the USSR Law on Provision of Pensions to Servicemen. They are also granted the right to receive pensions on the grounds specified by this law. At the same time, all types of monetary allowances for servicemen, as well as for command and rank-and-file personnel at internal affairs bodies, are taken into account equally with workers' and employees' wages.

#### **Article 3. Operation of This Law**

This law operates in Kazakh SSR territory. In case pensioners depart for permanent residence outside the republic (for other Union republics or countries), pensions established under the terms of this law are retained in accordance with social security agreements (contracts) with other Union republics or countries.

Pensions under the terms of this law are not granted to citizens who depart for permanent residence outside the republic and for other Union republics or countries.

In cases when social security agreements (contracts) provide for rules other than those contained in this law, the rules established by these agreements (contracts) are applied respectively.

#### **Article 4. Types of State Pensions**

According to this law, the following are granted:

##### **1. labor pensions:**

retirement pensions; disability pensions; in the event of loss of the breadwinner; long-service pensions;

##### **2. social pensions.**

#### **Article 5. Persons Who Have the Right to Labor and Social Pensions**

Persons engaged in socially useful labor and in other socially useful activities counted toward the length of labor service (points 1-14 of article 40 of this law) and their families, as well as students at general educational schools (last paragraph of article 23 of this law), have the right to labor pensions.

Nonable-bodied citizens (article 39 of this law), who do not have the prerequisites for receiving a labor pension, have the right to a social pension.

Persons, who have the right to various state pensions simultaneously, are granted one pension according to their choice.

#### **Article 6. Application for the Granting of a Pension**

An application for the granting of a pension can be made at any time after the occurrence of the right to a pension without any time limitation.

At the same time, retirement and disability pensions are granted irrespective of whether by the time of the application for a pension work has stopped or continues. Long-service pensions are granted upon leaving the work giving the right to this pension, unless otherwise specified by this law.

According to this law, the provision of pensions is carried out by social security bodies.

#### **Article 7. Control by Trade Unions Over Provision of Pensions to Workers**

For the purpose of protecting workers' interests, trade unions exercise public control over a correct application of this law and over the expenditure of funds allocated for the provision of pensions.

#### **Article 8. Funds for the Payment of Pensions**

According to this law, pensions are paid by the Kazakh Republic Department of the USSR Pension Fund and from republic budget funds.

The Kazakh Republic Department of the USSR Pension Fund is not part of the Kazakh SSR state budget and is formed from funds deducted by enterprises and organizations [subsequently, enterprise, unless otherwise specified by this law] for purposes of social insurance at rates differentiated depending on the danger, harmfulness, and difficulty of work and other working conditions, from insurance contributions by persons engaged in individual labor activity, and from mandatory insurance contributions by citizens, as well as from USSR state budget funds and voluntary donations by citizens and organizations.

The Kazakh Republic Department of the USSR Pension Fund is part of the Kazakh SSR social security system.

Pensions are not subject to taxation.

#### **Article 9. Matters Pertaining to the Authority of the Kazakh SSR Cabinet of Ministers**

In addition to matters specified in this law, matters connected with the procedure of granting and payment of pensions, determination of the characteristics concerning the calculation of the length of service by individual categories of citizens, and observance of the guarantees established by this law also pertain to the authority of the Kazakh SSR Cabinet of Ministers.

### **Section II. Labor Pensions**

#### **Subsection 1. Retirement Pensions**

#### **Article 10. Conditions for the Granting of Pensions**

The following have the right to retirement pensions:

—men—on reaching the age of 60 and with a length of service of no less than 25 years;

—women—on reaching the age of 55 and with a length of service of no less than 20 years.

#### Article 11. Pensions on Preferential Terms

The following have the right to retirement pensions on preferential terms, irrespective of the last place of work:

1. Workers engaged in underground work and in work with especially harmful and difficult working conditions during a full work day—according to list No 1 of industries, jobs, occupations, posts, and indicators approved by the USSR Government and according to the results of certification of work places:

—men—on reaching the age of 50 and with a length of service of no less than 20 years, including no less than 10 years in the indicated work;

—women—on reaching the age of 45 and with a length of service of no less than 15 years, including no less than seven years and six months in the indicated work.

Workers—men and women—who have no less than one-half of the length of service in work with especially harmful and difficult working conditions are granted pensions on preferential terms with a reduction of one year in the age specified by article 10 of this law for each full year of such work.

2. Workers engaged in other work with harmful and difficult working conditions during a full work day—according to list No 2 of industries, jobs, occupations, posts, and indicators approved by the USSR Government and according to the results of certification of work places:

—men—on reaching the age of 55 and with a length of service of no less than 25 years, including no less than 12 years and six months in the indicated work;

—women—on reaching the age of 50 and with a length of service of no less than 20 years, including no less than 10 years in the indicated work.

Workers who have no less than one-half of the length of service in work with harmful and difficult working conditions are granted pensions on preferential terms with a reduction of one year in the age specified by article 10 of this law for every two years and six months of such work for men and for every two years of such work for women.

3. Shepherds, assistant shepherds, horse-herds, camel breeders, and stockmen (herdsmen) at kolkhozes, sovkhozes, and other agricultural enterprises working in high-mountain pastures, as well as in desert and semi-desert arid regions:

—men—on reaching the age of 55 and with a length of service in the indicated work of no less than 25 years;

—women—on reaching the age of 50 and with a length of service in the indicated work of no less than 20 years.

4. Workers engaged in transhumance farming:

—men—on reaching the age of 55 and with a total length of service of no less than 20 years, including no less than 10 years in the indicated work;

—women—on reaching the age of 50 and with a total length of service of no less than 15 years, including no less than 10 years in the indicated work.

The list of workers in transhumance farming is approved by the Kazakh SSR Cabinet of Ministers.

The list of high-mountain pastures and desert and semi-desert arid regions is established in accordance with the procedure determined by the Kazakh SSR Supreme Soviet.

5. Male tractor and machine operators directly engaged in the production of agricultural products at kolkhozes, sovkhozes, and other agricultural enterprises—on reaching the age of 55 and with a total length of service of no less than 25 years, including no less than 20 years in the indicated work.

6. Women working as tractor and machine operators and operators of construction, road, and loading and unloading machines assembled at the base of tractors and excavators—on reaching the age of 50 and with a total length of service of no less than 20 years, including no less than 15 years in the indicated work.

7. Milkmen and milkmaids (mechanical milking operators), hog tending operators, and waterers at kolkhozes, sovkhozes, and other agricultural enterprises:

—men—on reaching the age of 55 and with a length of the service in the indicated work of no less than 25 years;

—women—on reaching the age of 50 and with a length of service in the indicated work of no less than 20 years.

8. Women engaged in the following during a full season: cultivation and harvesting of sugar beets and rice, cultivation of cotton, picking of raw cotton, and cultivation, harvesting, and postharvest processing of tobacco—on reaching the age of 50 and with a length of service in the indicated work of no less than 20 years.

9. Women working as poultry hands—industrial production operators—on reaching the age of 50 and with a length of service in the indicated work of no less than 20 years.

10. Women in textile production working on looms and machines—according to the list of industries and occupations approved in accordance with the procedure determined by the USSR Government—on reaching the

age of 50 and with a length of service in the indicated work of no less than 20 years.

11. Drivers of city passenger transport (buses, trams, and trolley buses):

—men—on reaching the age of 55 and with a total length of service of no less than 25 years, including 12 years and six months in the indicated work;

—women—on reaching the age of 50 and with a total length of service of no less than 20 years, including no less than 10 years in the indicated work.

12. Women working as tower crane operators—on reaching the age of 50 and with a total length of service of no less than 20 years, including no less than 15 years in the indicated work.

13. Workers directly engaged in furniture polishing in finishing shops and sections of furniture production enterprises:

—men—on reaching the age of 55 and with a total length of service of no less than 25 years, including no less than 12 years and six months in the indicated work;

—women—on reaching the age of 50 and with a total length of service of no less than 20 years, including no less than 10 years in the indicated work.

From the funds earmarked for wages enterprises make a payment to the Kazakh Republic Department of the USSR Pension Fund, which covers the expenditures on the payment of pensions in accordance with points 2, 5, 7, 9, and 11-13 of this article, before a worker reaches the pension age specified by article 10 of this law, in the following amount: 60 percent of the pensions granted in 1992; 70 percent, in 1993; 80 percent, in 1994; 90 percent, in 1995; 100 percent, in 1996.

Beginning in 1996 the granting and payment of pensions in accordance with points 2, 5, 7, 9, and 11-13 of this article will be carried out by enterprises in accordance with the procedure determined by the collective contract from their own funds.

During the period prior to 1996 for workers in other industries, occupations, and posts early pensions, depending on working conditions (but not earlier than when men reach the age of 55 and women, 50), can be established according to the results of certification of work places from the funds of enterprises earmarked for wages, which are transferred to the Kazakh Republic Department of the USSR Pension Fund for the payment of pensions before a worker reaches the pension age specified by article 10 of this law.

Control over the correct use of lists for a preferential provision of pensions (points 1-13) and over the quality of certification of work places at enterprises and the preparation of proposals for improving these lists are entrusted to republic bodies for state expert examination of working conditions.

#### **Article 12. Characteristics of Provision of Pensions to Workers Engaged in Underground and Open-Cast Mining**

Workers directly engaged during a full work day in underground and open-cast mining of coal, shale, ore, and other minerals (including personnel of mine rescue units) and in mine and pit construction—according to the list of jobs and occupations approved by the USSR Government—have the right to pensions irrespective of their age, if they were engaged in this work for no less than 25 years, and workers in key occupations in this work—cleared face workers, tunnelers, pneumatic pick miners, and mining extraction machine operators—provided they were engaged in this work for no less than 20 years.

When men engaged in underground work have a length of service of less than 10 years and women, less than seven years and six months, for every full year of this work the pension age specified by article 10 of this law is reduced by one year.

#### **Article 13. Pensions on Preferential Terms to Persons Working in Kazakhstan's Ecological Disaster Regions**

Persons working in Kazakhstan's ecological disaster regions, including those adjoining the Semipalatinsk Atomic Proving Ground, have the right to retirement pensions on preferential terms:

—men—on reaching the age of 55 and with a total length of service in the indicated regions of no less than 25 years;

—women—on reaching the age of 50 and with a total length of service in the indicated regions of no less than 20 years.

The list of Kazakhstan's ecological disaster regions is determined by the Kazakh SSR Supreme Soviet.

#### **Article 14. Characteristics of Provision of Pensions to Women Who Have Children**

Heroine mothers have the right to preferential retirement pensions, irrespective of their age, with a length of service of no less than 10 years.

In cases when heroine mothers do not have the indicated length of service, pensions are established for them in proportion to their length of service on reaching the age of 50.

Women, who gave birth and brought up the following number of children until the age of eight:

—nine children and more, have the right to retirement pensions on reaching the age of 46 and with a length of service of no less than 11 years;

—eight children, on reaching the age of 47 and with a length of service of no less than 12 years;



- seven children, on reaching the age of 48 and with a length of service of no less than 13 years;
- six children, on reaching the age of 49 and with a length of service of no less than 14 years;
- five children, as well as mothers of children disabled from childhood, on reaching the age of 50 and with a length of service of no less than 15 years.

According to this article, the length of service for women is determined without counting the child care time toward the length of service (points 9 and 10 of article 40). When the length of service is no less than 20 years and the child care time is counted toward it (points 9 and 10 of article 40), retirement pensions are granted to the indicated women on reaching the age of 50.

Children taken into account when retirement pensions are granted under the terms of this article can also include nonadopted children of the dead mother, if in the new family their actual upbringing was carried out until the age of eight.

The actual upbringing of nonadopted children until the age of eight is determined by a rayon (city) court in accordance with a special procedure.

Women residing in rural areas, who gave birth to five children and more and who brought them up until the age of eight, have the right to retirement pensions on reaching the age of 45 with a total length of service of no less than 10 years, including no less than five years in agricultural production.

#### **Article 15. Retirement Pensions to Disabled War Veterans**

Servicemen, who became disabled as a result of wounds, concussions, or injuries received during the defense of the USSR or during the performance of other military service duties, or participants in the war and in other combat operations during the performance of military duties, who are declared disabled as a result of an industrial injury or an occupational and general disease (with the exception of cases of disability as a result of illegal actions), or servicemen who became disabled as a result of diseases connected with their stay on the front, or servicemen in active duty, as a result of a disease contracted during the period of military service, have the right to pensions:

- men—on reaching the age of 55 and with a length of service of no less than 25 years;
- women—on reaching the age of 50 and with a length of service of no less than 20 years.

#### **Article 16. Pensions to Lilliputians and Dwarfs**

Persons suffering from hypophyseal nanism (lilliputians) and disproportional dwarfs have the right to retirement pensions:

- men—on reaching the age of 45 and with a length of service of no less than 20;
- women—on reaching the age of 40 and with a length of service of no less than 15 years.

#### **Article 17. Pensions for Special Services to the Kazakh SSR**

Pensions for special services to the Kazakh SSR can be granted to winners of the Kazakh SSR State Prize, to persons who have Kazakh SSR honorary titles, and to other citizens who have rendered special services to the Kazakh SSR in state, public, and economic activities, in the field of science and culture, and in other spheres of life in the republic.

The Statute on Pensions for Special Services to the Kazakh SSR is approved by the Kazakh SSR Supreme Soviet.

#### **Article 18. Period for Which a Pension Is Granted**

Retirement pensions are granted for life irrespective of the state of work fitness.

##### **Subsection 2. Disability Pensions**

#### **Article 19. Conditions for the Granting of Pensions**

Disability pensions are granted in the event of the onset of disability as a result of:

1. an industrial injury or an occupational disease;
2. a general disease (including an injury not connected with work or disability from childhood).

Disability pensions are granted irrespective of when disability began: during the period of work, before the beginning of work, or after cessation of work.

#### **Article 20. Disability Groups**

Disabled persons are subdivided into three groups depending on the degree of loss of work fitness.

The causes and groups of disability, as well as the time of the onset of disability, are established by medical commissions for the determination of disability acting on the basis of the statute on them, which is approved by the Kazakh SSR Cabinet of Ministers and by Kazakhstan's Trade-Union Federation.

#### **Article 21. Length of Service Giving the Right to a Pension**

Disability pensions as a result of an industrial injury or an occupational disease (article 22) are granted irrespective of the length of service.

Disability pensions as a result of a general disease are granted to workers, employees, and kolkhoz members with the following length of service by the time of the onset of disability:

Age	Length of Service (in years)
before reaching the age of 23	1
from the age of 23 until reaching the age of 26	2
from the age of 26 until reaching the age of 31	3
from the age of 31 until reaching the age of 36	5
from the age of 36 until reaching the age of 41	7
from the age of 41 until reaching the age of 46	9
from the age of 46 until reaching the age of 51	11
from the age of 51 until reaching the age of 56	13
from the age of 56 until reaching the age of 61	14
from the age of 61 and older	15

If the length of service required for a corresponding age group was acquired and work continued during the transition to the next age group, the condition for the length of service is considered fulfilled irrespective of the requirements established for the next age group.

Persons, who became disabled as a result of a general disease during the period of work or after its cessation before reaching the age of 20, are granted pensions irrespective of the length of service.

When changing over from a disability pension as a result of a labor injury or an occupational disease to a disability pension as a result of a general disease, the necessary length of service is determined according to the age by the time of the initial establishment of disability.

#### **Article 22. Disability as a Result of a Labor Injury or an Occupational Disease**

Disability is considered to have begun as a result of an industrial injury if the accident that caused it occurred (except for cases of illegal actions):

1. during the performance of labor duties (including on a mission), as well as during the performance of some actions in the interests of an enterprise, even if without a special assignment;
2. on the way to or from work;
3. in the territory of an enterprise or in another place of work during the work time (including during the established breaks) and during the time necessary for putting in order implements of production, clothing, and so forth before the beginning or at the end of work;
4. near an enterprise or another place of work during the work time (including during the established breaks), if presence there did not contradict internal labor regulations;
5. during the performance of state or public duties, as well as during the fulfillment of assignments of Soviet bodies and public organizations registered in accordance

with the established procedure, even though these assignments were not connected with basic work;

6. during the performance of a civic duty concerning the saving of human life and protection of state and collective property, citizens' property, and law and order.

The list of occupational diseases is approved in accordance with the procedure determined by the Kazakh SSR Cabinet of Ministers and Kazakhstan's Trade-Union Federation.

#### **Article 23. Pensions to Students**

Students in higher and secondary specialized educational institutions, colleges, schools, and courses for personnel training, graduate students, and clinical interns, who did not work as workers, employees, and kolkhoz members before entering educational institutions, courses, graduate studies, or clinical internship, are granted pensions:

1. in case of disability as a result of an industrial injury or an occupational disease connected with industrial training, practice, or practical activities irrespective of the length of stay in educational institutions, courses, graduate studies, or clinical internship. At the same time, disability, which began in connection with the performance of state and public duties or assignments of the administration, Soviet bodies, and public organizations registered in accordance with the established procedure, or in connection with the performance of a civic duty concerning the saving of human life and protection of state and collective property, citizens' property, and law and order, is equated with disability as a result of an industrial injury connected with industrial training or practice;
2. in case of disability as a result of a general disease, if the student, graduate student, or clinical intern entered an educational institution, courses, graduate studies, or clinical internship during the corresponding period indicated in article 21 of this law.

Students at general educational schools are granted pensions in case of disability as a result of an injury connected with industrial training, practice, or practical activities irrespective of the length of training.

**Article 24. Pensions to Soviet Citizens Resettling From Other Countries**

Soviet citizens resettling from other countries, who did not work in the USSR, are granted:

1. disability pensions as a result of an industrial injury or an occupational disease irrespective of the length of service;
2. disability pensions as a result of a general disease, if they have the length of service necessary according to age by the day of establishment of disability.

**Article 25. Period for Which a Pension Is Granted**

Pensions are granted for the entire time of disability established by the medical commission for the determination of disability. Disabled men over the age of 60 and disabled women over the age of 55 are granted disability pensions for life. These disabled persons are reexamined only on their application.

**Subsection 3. Pensions in the Event of Loss of the Breadwinner****Article 26. Family Members Who Have the Right to Pensions**

Disabled members of the dead breadwinner's family, who were dependent on him for support (article 27), have the right to a pension in the event of loss of the breadwinner. At the same time, children and persons indicated in point 3 of this article are granted pensions irrespective of whether they were dependent on the breadwinner for support.

Parents and the spouse of the dead person, who were not dependent on him for support, also have the right to a pension in the event of his death if subsequently they lost their source of livelihood.

The following are declared disabled family members:

1. children (including adopted children, stepsons, and stepdaughters), brothers, sisters, and grandchildren, who did not reach the age of 18 or older, if they became disabled before reaching the age of 18; brothers, sisters, and grandchildren, provided they do not have able-bodied parents; stepsons and stepdaughters, if they did not receive child support from their parents.

Minors, who have the right to a pension in the event of loss of the breadwinner, also retain this right when they are adopted.

2. a father, a mother (including adoptive parents), a stepfather, a stepmother, a wife, and a husband, if they reached the pension age—men, the age of 60 and women, 55—or are disabled; a stepfather and a stepmother, provided they brought up or supported the dead stepson or stepdaughter for no less than five years;

3. one of the parents, a spouse, a grandfather, a grandmother, a brother, or a sister irrespective of their age and

work fitness, if he (she) takes care of the dead breadwinner's children, brothers, sisters, or grandchildren, who did not reach the age of eight, and if he (she) does not work;

4. a grandfather and a grandmother, in the absence of persons who by law are obligated to support them.

Students in vocational and technical schools and secondary specialized and higher educational institutions have the right to a pension in the event of the breadwinner's death before finishing the indicated educational institutions, but not after reaching the age of 23.

All the rules of this law concerning families of dead people also apply (inasmuch as it is not otherwise specified) to families of missing persons respectively, if the breadwinner's absence without a trace is certified in accordance with the established procedure.

**Article 27. Family Members Considered Dependents**

Family members of a dead person are considered dependent on him for support if they were fully supported by him or received from him help, which was for them a constant and basic source of livelihood.

Family members of a dead person, for whom his help was a constant and basic source of livelihood, but who themselves receive a pension, have the right to change over to a new pension.

**Article 28. Retention of a Pension When Entering a New Marriage**

A pension granted in the event of a spouse's death is retained when a pensioner enters a new marriage.

**Article 29. The Breadwinner's Length of Service Giving the Right to a Pension**

The family of the breadwinner, who died as a result of an industrial injury or an occupational disease, as well as the family of a dead pensioner, is granted a pension irrespective of the breadwinner's length of service.

A pension in the event of loss of the breadwinner, who died as a result of a general disease or an injury not connected with work, is granted if by the day of his death the breadwinner had the length of service required for the granting of a disability pension (article 21).

Families of students, graduate students, and clinical interns, who did not work before entering educational institutions, courses, graduate studies, or clinical internship, are granted pensions on the same grounds as disability pensions are granted to these students, graduate students, and clinical interns respectively (article 23).

If the breadwinner did not work in the USSR, pensions to families of Soviet citizens resettling from other countries are granted:



1. to those who received a pension in the event of loss of the breadwinner in other countries—irrespective of the breadwinner's length of service;

2. to those who did not receive a pension, provided the breadwinner, according to his age by the day of cessation of work, had the appropriate length of service (article 21) and in the event of his death as a result of an industrial injury or an occupational disease, irrespective of the breadwinner's length of service.

**Article 30. The Right To Apply for the Granting of a Pension Without Any Time Limitation**

A family having the right to a pension in the event of loss of the breadwinner can apply for the granting of a pension at any time after the breadwinner's death, or after his absence without a trace is established judicially, or after he is declared dead, without any time limitation.

Pensions in the event of loss of the breadwinner are granted:

1. to families of persons indicated in article 5 of this law irrespective of when the breadwinner died: during the period of work (study), or after the cessation of work (study);

2. to families of pensioners, if the breadwinner died during the period when he received a pension, or no later than five years after the termination of payment of this pension.

**Article 31. Period for Which a Pension Is Granted**

A pension in the event of loss of the breadwinner is established for the entire period during which the family member of a dead person is considered nonable-bodied according to article 26 of this law; for the male family member reaching the age of 60 and for the female family member, 55—for life.

**Article 32. Granting of One Pension to all Family Members**

One common pension is granted to all family members having the right to a pension.

At a family member's request, his share of the pension is set apart and paid to him separately.

The share of the pension is set apart from the first day of the month following the month in which the petition for the division of the pension was received.

When there is a change in the number of family members provided with a pension in the event of loss of the breadwinner, the pension increases or decreases respectively according to the number of family members having the right to a pension.

The same revision of a pension is also made in cases when the payment of a pension to one family member is stopped or is renewed after the circumstances causing the stoppage of its payment are past.

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[Text]

**Subsection 4. Long-Service Pensions**

**Article 33. Grounds for Provision of Long-Service Pensions**

Long-service pensions are established for individual categories of citizens engaged in work, whose performance leads to a loss of capacity and fitness for work before the onset of the age giving the right to a retirement pension.

**Article 34. Workers Having the Right to a Pension**

The following have the right to a long-service pension:

—individual categories of aviation workers and flight testing personnel;

—workers of locomotive brigades and individual categories of workers directly engaged in the organization of transport operations and ensuring traffic safety in railroad transport and subways;

—drivers of trucks directly engaged in the technological process in mines, pits, open excavations, and ore quarries—in the hauling of coal, shale, ore, and rock;

—mechanization experts (dockers) of overall brigades in loading and unloading operations in ports, as well as personnel in service afloat in maritime and river fleets and in the fish industry fleet (except for port ships, which constantly operate in port water areas, auxiliary service and travel ships, and ships for suburban and intracity communication);

—workers of expeditions, parties, detachments, sections, and brigades directly engaged in geological exploration, prospecting, topographic-geodesic, geophysical, hydrographic, hydrological, forest management, and research field work;

—workers and foremen (including senior foremen) directly engaged in timber procurement and floating, including those engaged in the servicing of mechanisms and equipment;

—individual categories of workers in education, public health, and social security;

—some categories of artists in theaters and other theatrical entertainment enterprises and collectives.

**Article 35. Conditions for the Granting of Long-Service Pensions to Individual Categories of Workers in Aviation and Flight Testing Personnel**

The following categories of workers and employees in aviation, as well as of flight testing personnel, irrespective of the departmental subordination of enterprises, institutions, and organizations in which they are employed, have the right to long-service pensions:

1. flight and flight testing personnel with a service of no less than 25 years in these posts by men and no less than 20 years, by women.

The indicated workers dismissed from flight work on account of their state of health (sickness), with a length of service of no less than 20 years by men and no less than 15 years by women, have the right to pensions in proportion to the worked time.

The list of posts of flight personnel, the procedure of calculating service periods for the granting of pensions to them, and the procedure of granting and paying pensions to flight testing personnel are approved in accordance with the procedure determined by the USSR Government.

2. Workers engaged in air traffic control, who have a controller's certificate:

—men—on reaching the age of 55 and with a total length of service of no less than 25 years, including no less than 12 years and six months in direct aircraft flight control;

—women—on reaching the age of 50 and with a total length of service of no less than 20 years, including no less than 10 years in direct aircraft flight control.

Work indicated in point 1 of this article is also counted toward the length service of workers engaged in air traffic control.

3. Engineering and technical personnel, according to the list of posts and jobs approved in accordance with the procedure determined by the USSR Government:

—men—on reaching the age of 55 and with a total length of service in civil aviation of no less than 25 years, including no less than 20 years in the indicated posts;

—women—on reaching the age of 50 and with a total length of service in civil aviation of no less than 20 years, including no less than 15 years in the indicated posts.

Work indicated in points 1 and 2 of this article is also counted toward the length of service of engineering and technical personnel.

4. Air stewards:

—men—on reaching the age of 55 and with a total length of service of no less than 25 years, including no less than 15 years as air stewards;

—women—on reaching the age of 45 and with a total length of service of no less than 20 years, including no less than 10 years as air stewardesses.

**Article 36. Conditions for the Granting of Long-Service Pensions to Individual Categories of Workers in Other National Economic Sectors**

The following have the right to a long-service pension:

1. Workers of locomotive brigades and individual categories of workers directly engaged in the organization of transport operations and ensuring traffic safety in railroad transport and subways—according to lists of occupations and posts approved in accordance with the procedure determined by the USSR Government;

—drivers of trucks directly engaged in the technological process in mines, pits, open excavations, and ore quarries—in the hauling of coal, shale, ore, and rock;

—men—on reaching the age of 55 and with a total length of service of no less than 25 years, including no less than 12 years and six months in the indicated work;

—women—on reaching the age of 50 and with a total length of service of no less than 20 years, including no less than 10 years in the indicated work.

2. Workers of expeditions, parties, detachments, sections, and brigades directly engaged in geological exploration, prospecting, topographic-geodesic, geophysical, hydrographic, hydrological, forest management, and research field work:

—men—on reaching the age of 55 and with a total length of service of no less than 25 years, including no less than 12 years and six months in the indicated work;

—women—on reaching the age of 50 and with a total length of service of no less than 20 years, including no less than 10 years in the indicated work.

At the same time, the period of work carried out directly under field conditions during six months, or more than six months, is considered one year of work; less than six months, according to the actual length; seasonal work, in accordance with article 42 of this law.

3. Workers and foremen (including senior foremen) directly engaged in timber procurement and floating, including those engaged in the servicing of mechanisms and equipment—according to the list of occupations, posts, and industries approved in accordance with the procedure determined by the USSR Government:

—men—on reaching the age of 55 and with a total length of service of no less than 25 years, including no less than 12 years and six months in the indicated work;

—women—on reaching the age of 50 and with a total length of service of no less than 20 years, including no less than 10 years in the indicated work.

4. Mechanization experts (dockers) of overall brigades in loading and unloading operations in ports:

—men—on reaching the age of 55 and with a total length of service of no less than 25 years, including no less than 20 years in the indicated work;

—women—on reaching the age of 50 and with a total length of service of no less than 20 years, including no less than 15 years in the indicated work.

5. Personnel in service afloat in maritime and river fleets and in the fish industry fleet (except for port ships, which constantly operate in port water areas, auxiliary service and travel ships, and ships for suburban and intracity communication):

- men—on reaching the age of 55 and with a total length of service of no less than 25, including no less than 12 years and six months in the indicated work;
- women—on reaching the age of 50 and with a total length of service of no less than 20 years, including no less than 10 years in the indicated work;
- workers on individual types of ships and in occupations and posts of personnel in service afloat on ships of maritime and river fleets and of the fish industry fleet, irrespective of their age—according to the list approved in accordance with the procedure determined by the USSR Government:
- men—with a length of service on these ships and in these occupations and posts of no less than 25 years;
- women—with a length of service on these ships and in these occupations and posts of no less than 20 years.

**Article 37. Conditions for the Granting of Long-Service Pensions to Individual Categories of Workers in Education, Public Health, and Social Security**

The following have the right to a long-service pension—according to the list of institutions, organizations, and posts approved by the Kazakh SSR Cabinet of Ministers:

1. teachers directly engaged in pedagogical work—with a length of service in the indicated work of no less than 25 years;
2. physicians and other medical workers directly engaged in medical work—with a length of service in their specialty of no less than 30 years;
3. workers in boarding homes of the social security system directly engaged in the servicing of elderly and disabled persons—with a length of service in the indicated work of no less than 30 years.

The length of service in a specialty of the indicated public health workers includes the time of their military service in their specialty, if work in posts giving the right to a long-service pension accounts for no less than two-thirds of the length of service required for the granting of this pension.

**Article 38. Conditions for the Granting of Long-Service Pensions to Some Categories of Artists in Theaters and Other Theatrical Entertainment Enterprises and Collectives**

Individual categories of artists in theaters and other theatrical entertainment enterprises and collectives have the right to a long-service pension with a length of service in creative activity of 20 to 30 years—according

to lists approved in accordance with the procedure determined by the USSR Government and the Kazakh SSR Cabinet of Ministers.

For creative workers of the Kazakh State Academic Opera and Ballet Theater imeni Abay, who worked in the theater in posts giving the right to a long-service pension for no less than five years, the length of service in creative activity (first paragraph of this article), which gives the right to a long-service pension, is reduced by five years respectively.

The length of service in creative work of artists in theaters and other theatrical entertainment enterprises and collectives includes the time of their military service in their specialty, provided work in posts giving the right to this pension accounts for no less than two-thirds of the length of service required for the granting of a long-service pension.

**Section III. Social Pensions**

**Article 39. Citizens Having the Right to Pensions**

Social pensions are granted to citizens in the absence of the right to labor pensions:

- to disabled persons of groups I and II, including to persons disabled from childhood, as well as to disabled persons of group III;
- to persons reaching the following age: men, 63; women, 58;
- to children—in the event of loss of the breadwinner (point 1 of article 26);
- to disabled children under the age of 16.

The list of medical indicators giving the right to disabled children under the age of 16 to receive social pensions is determined in accordance with the procedure established by the Kazakh SSR Cabinet of Ministers.

**Section IV. Calculation of the Length of Service**

**Article 40. Types of Labor Activities Counted Toward the Length of Service**

Work performed on the basis of a labor contract at enterprises, institutions, organizations, and cooperatives, irrespective of the used forms of ownership and management, as well as on the basis of membership at kolkhozes and other cooperatives, irrespective of the nature and length of work and duration of interruptions and provided that the employer pays insurance contributions to the Kazakh Republic Department of the USSR Pension Fund, is counted toward the length of service.

During the calculation of the length of service at a kolkhoz for the period after 1965, if a kolkhoz member

did not fulfill the established minimum of labor participation in the public sector without valid reasons, the work time is taken into account according to the actual length.

The following are also counted toward the length of service:

1. any other work, for which the worker was subject to state social insurance;
2. individual labor activity, including on terms of individual (group) leasing or on a private peasant farm, provided insurance contributions are paid to the Kazakh Republic Department of the USSR Pension Fund;
3. creative activity of members of creative unions, as well as other creative workers, who are not members of creative unions, provided insurance contributions are paid to the Kazakh Republic Department of the USSR Pension Fund.

At the same time, the creative activity of members of the USSR Union of Writers, the USSR Union of Artists, the USSR Union of Composers, the USSR Union of Cinematographers, the USSR Union of Theatrical Figures, and other creative workers, who are not members of creative unions, but are united by appropriate trade-union committees, before this law is put into effect is counted toward the length of service irrespective of the payment of insurance contributions. In these cases the length of service in creative activity is established by secretariats of boards of creative unions in the USSR, Kazakhstan, and other Union republics beginning from the day of publication, or the first public performance or public show of the work by a given author;

4. military service and stay in partisan detachments and units and service in state security and internal affairs bodies;
5. service in the militarized guard, in special communication bodies, and in mine rescue units irrespective of departmental subordination and availability of a special or a service rank;
6. education in higher and secondary specialized educational institutions, in colleges, in schools, in courses for personnel training, improvement in skills, and retraining, in graduate studies, in studies for the doctor's degree, and in clinical internship;
7. temporary disability, which began during the period of work;
8. time of caring for a disabled person of group I, as well as a single disabled person of group II, an old-age pensioner in need of outside help, and an elderly person reaching the age of 70;
9. time for caring for a disabled child under the age of 16, who suffers from the consequences of nuclear tests and ecological disasters, or is infected with the immunodeficiency virus, or suffers from AIDS.

10. time of caring for young children by a nonworking mother, but no longer than up to the age of three for each child—within nine years altogether.

11. time in custody, of serving a sentence in places of detention, and of exile of citizens, against whom criminal proceedings were instituted groundlessly and who were groundlessly repressed and rehabilitated subsequently;

12. time of stay in temporarily occupied USSR territory and time of stay by persons (irrespective of age) forcibly transported to the territory of other states during the period of the Great Patriotic War and of detention in fascist concentration camps (ghettos and other places of forced detention during the war period), if during the indicated periods these persons did not commit crimes against the homeland;

13. time of stay by citizens aged 12 and older in the city of Leningrad during the period of its blockade from 8 September 1941 to 27 January 1944;

14. time of disability of nonworking disabled war veterans and disabled persons equated with them;

15. period of stay abroad by wives (husbands) of workers at Soviet institutions and international organizations, but no longer than 10 years altogether;

16. period of stay by wives of commissioned officers, of army and navy warrant officers, and of servicemen in extended service with their husbands in areas where there was no possibility to place them in jobs in their specialty, but no longer than 10 years.

When the amount of a retirement pension is increased for each year of work (article 46), along with work, periods specified by points 1 to 14 of this article and article 41 of this law are also taken into account. The work time after the granting of a retirement pension is counted toward the length of service if a pensioner did not receive a pension for this period.

When the length of service in underground work giving the right to a retirement pension on preferential terms (article 12) is calculated, the time of disability as a result of an industrial injury or an occupational disease contracted in this work is included in the indicated length of service.

#### **Article 41. Privileges in the Calculation of the Length of Service**

In a preferential calculation the following are counted toward the length of service:

1. military service in the active army during the period of combat operations, including during the performance of a military duty, as well as stay in partisan detachments and units—in accordance with the procedure established for the calculation of the periods of this service during the granting of long-service pensions to servicemen;



2. work, including as civilian personnel in military units, and service, except for military service specified by point 1 of this article, during the years of the Great Patriotic War—twice as much;

3. work in Leningrad during the period of its blockade in the years of the Great Patriotic War from 8 September 1941 to 27 January 1944—three times as much;

4. time of stay by citizens aged 12 and older in the city of Leningrad during the period of its blockade from 8 September 1941 to 27 January 1944—twice as much;

5. time of stay by persons forcibly transported to the territory of other states during the period of the Great Patriotic War, as well as time of stay in fascist concentration camps (ghettos and other places of forced detention during the war period), if during the indicated periods these persons did not commit crimes against the homeland—twice as much;

6. time in custody, of serving a sentence in places of detention, and of exile of citizens, against whom criminal proceedings were instituted groundlessly and who were groundlessly repressed and rehabilitated subsequently—three times as much;

7. work in regions adjoining the Semipalatinsk Atomic Proving Ground during the period from 29 August 1949 to 5 July 1963—three times as much—and from 6 July 1963 to 1 January 1992—half as much again.

8. work in leper and antiplague institutions and in institutions for infectious diseases, where persons infected with the human immunodeficiency virus or suffering from AIDS are treated—twice as much; in institutions for forensic medical expert examination and in anatomic pathology departments of medical institutions—half as much again.

#### **Article 42. Procedure of Inclusion of Individual Types of Work in the Length of Service**

Work in water transport during a full navigational period is counted as one year of work.

Work during a full season at enterprises of seasonal industrial sectors, irrespective of their departmental subordination—according to the list approved by the Kazakh SSR Cabinet of Ministers—is counted toward the length of service as one year of work.

The remaining seasonal work is counted toward the length of service according to its actual length.

#### **Article 43. Characteristics of Reckoning of the Length of Service During the Granting of Pensions on Preferential Terms and Long-Service Pensions**

During the granting of pensions on preferential terms (articles 11 and 12) and long-service pensions (articles

35-38) a mutual reckoning of the periods of work specified by these articles is made, provided the indicated work gives the right to a pension on similar or more preferential terms.

The granting of pensions on preferential terms on the grounds specified by points 3, 4, 7, 9, and 11-13 of article 11 and of long-service pensions on the grounds specified by article 37 requires that work in the Kazakh SSR account for no less than one-half of the required preferential and special length of service.

#### **Article 44. Procedure of Confirmation of the Length of Service**

The labor book is the basic document confirming the length of service. In the absence of a labor book or appropriate records in it, the length of labor service is established on the basis of other documents containing information on the periods of work, as well as certificates on the payment of insurance contributions into the USSR Pension Fund.

In the absence of documents on the length of labor service, the periods of work are established by commissions for the granting of pensions according to the testimonies of witnesses. When documents on the periods of work are available, the nature of work is not established by the testimonies of witnesses.

In the absence of a labor book or appropriate records in it, the procedure of confirmation of the existing length of labor service is established by the Kazakh SSR Cabinet of Ministers.

#### **Article 45. Conditions for Inclusion of the Time of Work Abroad in the Length of Service of Foreign Citizens**

Foreign citizens and their families, in cases when the granting of a pension requires a certain length of service, are granted pensions provided that work in the USSR accounts for two-thirds of the necessary length of service, unless otherwise specified by agreements (article 3).

### **Section V. Amounts of Pensions**

#### **Article 46. Amounts of Retirement Pensions**

Retirement pensions are granted at the rate of 60 percent of the earnings (articles 58 and 67). For each full year of work in excess of 25 years for men and 20 years for women the pension increases by one percent of the earnings.

For workers engaged in work specified by point 1 of article 11 and by article 12 of this law, for every year of work giving the right to a pension on preferential terms—in excess of 10 years for men and seven years and six months for women—the pension increases by 1 percent of the earnings.

The minimum amount of a retirement pension is established in the amount of the minimum of subsistence officially determined in the republic. The minimum of

subsistence in the republic is established annually in accordance with the procedure determined by the Kazakh SSR Supreme Soviet.

In cases when a retirement pension calculated at the rate of 60 percent of the earnings does not reach the minimum amount, the pension increase of one percent of the earnings for each full year of work, which is specified by this article, is made with respect to the minimum amount.

#### **Article 47. Amounts of Disability Pensions**

Disability pensions are granted in the following amounts: for disabled persons of group I, 65 percent, for disabled persons of group II, 60 percent, and for disabled persons of group III, 40 percent of the earnings (articles 58 and 67).

If disabled persons of groups I and II have the length of labor service necessary for the granting of a retirement pension, including on preferential terms, a disability pension is granted in the amount of the retirement pension with a corresponding length of service.

Minimum amounts of pensions are established for disability groups I and II at the rate of 100 percent and for the disability group III at the rate of 50 percent of the minimum retirement pension.

#### **Article 48. Amounts of Disability Pensions According to Norms Established for Disabled War Veterans**

Disability pensions are calculated according to the norms established for disabled war veterans in accordance with the USSR Law on Provision of Pensions to Servicemen:

- to servicemen in active duty—participants in the war and in other combat operations—during the performance of military duties, who are declared disabled as a result of an industrial injury or an occupational and general disease (with the exception of disability cases as a result of illegal actions);
- to servicemen in active duty as a result of a disease contracted during the period of military service.

#### **Article 49. Amounts of Pensions in the Event of Loss of the Breadwinner**

Pensions in the event of loss of the breadwinner are granted to every nonable-bodied family member at the rate of 40 percent of the breadwinner's earnings (articles 58 and 67), but no less than the social pension established for the corresponding category of non-able-bodied persons.

A pension for families, which include children who lost both parents (full orphans), is calculated on the basis of the total amount of earnings of both parents. At the same time, the pension for each child, who lost both parents, or the child of a single mother who died, cannot be less than double the social pension.

#### **Article 50. Amounts of Long-Service Pensions**

Long-service pensions are granted in amounts established by articles 46, 56, and 57 of this law for retirement pensions.

Pensions are calculated on the basis of the average monthly earnings (articles 58-60 and 67) received before the cessation of work giving the right to a long-service pension (articles 35-38).

#### **Article 51. Amounts of Social Pensions**

Social pensions are granted in the following amounts:

1. to disabled persons of group I, to persons disabled from childhood of groups I and II, and to disabled children under the age of 16—100 percent of the minimum amount of a retirement pension (article 46);
2. to disabled persons of group II (except for persons disabled from childhood), as well as to men who reached the age of 63 and to women who reached the age of 58—80 percent of the minimum amount of a retirement pension;
3. to children (point 1 of article 26) in the event of loss of the breadwinner—60 percent of the minimum amount of a retirement pension per child;
4. to disabled persons of group III—50 percent of the minimum amount of a retirement pension.

#### **Article 52. Amounts of Retirement Pensions With Incomplete Length of Service**

Persons, who do not have the length of service sufficient for the granting of a full pension (article 10), are granted retirement pensions with an incomplete length of service in an amount proportional to the existing length of service (article 62), but no less than the social pension (point 2 of article 51).

When pensions with an incomplete length of service are granted, preferential terms with respect to age and length of service for the granting of pensions established by this law are not applied.

#### **Article 53. Amounts of Disability Pensions With Incomplete Length of Service**

Persons of disability group I or II disabled as a result of a general disease, who do not have the length of service sufficient for the granting of a full pension (article 21), are granted a disability pension with an incomplete length of service in an amount proportional to the existing length of service, but no less than the social pension established for disability groups I and II respectively (article 51).

#### **Article 54. Amounts of Pensions in the Event of Loss of the Breadwinner With Incomplete Length of Service**

Family members losing the breadwinner, who died as a result of a general disease and did not have the length of

service sufficient for the granting of a full disability pension (article 21), are granted a pension with an incomplete length of service in an amount proportional to the length of service that the breadwinner had.

Families of dead pensioners, who received a pension with an incomplete length of service, are granted a pension in proportion to the length of service, on the basis of which the pension was granted to the dead breadwinner.

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[Text]

At the same time, the pension for each nonable-bodied family member cannot be less than the social pension established for the corresponding category of nonable-bodied persons.

#### **Article 55. Minimum Amounts of Pensions With Incomplete Length of Service to Heroine Mothers**

Heroine mothers with an incomplete length of service are granted minimum amounts of retirement and disability pensions and pensions in the event of loss of the breadwinner at the rate of 100 percent of the minimum retirement pension.

#### **Article 56. Additions to Labor Pensions**

The following additions to retirement and disability pensions, including those calculated in minimum amounts, are established:

1. for nonworking old-age and disabled pensioners of groups I and II, who support nonable-bodied family members (articles 26 and 27)—for each nonable-bodied family member in the amount of the social pension provided for the corresponding category of nonable-bodied persons;

2. for disabled persons of group I, as well as single disabled persons of group II, old-age pensioners in need of outside help, and other old-age pensioners reaching the age of 70—for their care—in the amount of the social pension provided for the corresponding category of pensioners.

At the same time, classification with single persons and persons in need of outside help is established by the commission for the granting of pensions.

The additions specified by points 1 and 2 of this article can be computed simultaneously.

#### **Article 57. Increase in Pensions**

The following are increased:

1. retirement pensions, including minimum pensions, for disabled war veterans and participants in the war and in other combat operations during the performance of military duties, who are declared disabled as a result of an industrial injury or an occupational and a general disease (with the exception of disability cases as a result

of illegal actions), and for servicemen in active duty disabled as a result of a disease contracted during military service, who belong to disability groups I and II, by 50 percent, and to disability group III, by 75 percent of the minimum retirement pension;

2. for disabled war veterans, as well as for persons indicated in article 48 of this law—disability pensions of groups I and II, by 100 percent and of group III, by 50 percent of the minimum retirement pension;

3. retirement and disability pensions and pensions in the event of loss of the breadwinner, including minimum pensions, for participants in the war and in other combat operations during the performance of military duties (with the exception of the persons indicated in points 1 and 2 of this article), by 50 percent of the minimum retirement pension;

4. retirement and disability pensions and pensions in the event of loss of the breadwinner, including minimum pensions:

—for civilian personnel in the active army during the period of the Great Patriotic War, by 20 percent;

—for persons residing in ecological disaster regions, by 20 percent;

—for persons disabled from childhood as a result of wounds, concussions, or injuries connected with military operations during the period of the Great Patriotic War, or with their consequences, by 15 percent of the minimum retirement pension.

### **Section VI. Calculation of Pensions**

#### **Article 58. Calculation of Pensions in Percent of Average Monthly Earnings**

Pensions are calculated according to the established norms in percent of the average monthly earnings determined in accordance with articles 59-61 of this law, which citizens received before the application for a pension.

At the same time, earnings in an amount not above tenfold the minimum wages are taken for the calculation of pensions. Earnings in a part not exceeding fourfold the minimum wages are taken into account during the granting of a full pension. Each subsequent part of the earnings is taken into account in the following amount: within the fifth wage minimum—85 percent; sixth, 70 percent; seventh—55 percent; eighth—40 percent; ninth—25 percent; tenth—15 percent. The earnings obtained in such a way are considered the earnings, on the basis of which the pension is calculated.

#### **Article 59. General Procedure of Determination of Average Monthly Earnings**

For persons indicated in article 5 of this law the actual average monthly earnings for the calculation of pensions are taken for any five years in succession (according to



the choice of the person applying for a pension) from the last 15 years of work before the application for a pension, irrespective of the interruptions in work, with the exception of cases when a kolkhoz member did not work at the kolkhoz.

The average monthly earnings during five years are determined by dividing the total amount of earnings during 60 calendar months of work in succession (within the last 15 years of work) by 60. At the same time, at the wish of the person applying for a pension, months with an incomplete number of work days in connection with the beginning of work or dismissal, as well as in connection with a leave for taking care of a child under the age of three, are excluded from the calculation and are replaced with others, which directly preceded the indicated period or followed them.

In cases when the person applying for a pension worked (was a kolkhoz member) for less than five years, the average monthly earnings are determined by dividing the total amount of earnings during the calendar months of work by the number of these months.

If work as a kolkhoz member accounts for part of the period, during which the average monthly earnings are calculated, and other work, for part of it, the earnings for each period are calculated according to the rules established for kolkhoz members and for other persons respectively. In this case the total amount of earnings is divided by 60, or by the actual number of months of the indicated periods of work respectively, if this number of months totals less than 60.

If a worker worked less than one calendar month, the earnings for all the worked time are divided by the number of worked days and the received amount is multiplied by the number of work days per month calculated, on the average, for a year (25.4 with a six-day work week and 21.2 with a five-day work week). In this case no more than two wage (salary) rates are taken into account for the calculation of a pension.

During the granting of pensions to workers engaged in seasonal work the actual average monthly earnings are determined by dividing the earnings for five full seasons by 60.

At the wish of the person applying for a pension, the work period during which, according to the conclusion of the medical commission for the determination of disability, he was disabled or received compensation for the harm done to him by an injury or by other damage to health, or cared for a disabled person of group I, as well as a single disabled person of group II, an old-age pensioner in need of outside help, an elderly person reaching the age of 70, a disabled child under the age of 16, and a child under the age of 16 suffering from the consequences of atomic tests and ecological disasters, or infected with the immunodeficiency virus, or suffering from AIDS.

#### **Article 60. Types of Wages Taken Into Account During Calculation of Pensions**

During the calculation of pensions for persons the following are included in earnings: all types of wages, on which insurance contributions are added (except for kolkhoz members), with the exception of payments of a one-time nature not specified by the existing wage system (compensation for an unused leave, severance pay, and others), whose list is approved in accordance with the procedure determined by the Kazakh SSR Cabinet of Ministers.

During the calculation of pensions for kolkhoz members all types of wages for work in the public sector of the kolkhoz are included.

A temporary disability allowance for corresponding periods, or the average earnings retained for the worker, is also included in the indicated earnings.

If a worker did not receive a full salary (rate) for his basic job and performed another job at this or another enterprise, the pension is calculated on the basis of the total earnings at all places of work.

All types of monetary allowances similar to the types of wages, on which insurance contributions are added, are included in earnings for the calculation of pensions for persons not subject to state social insurance (article 5 and point 5 of article 40).

For members of kolkhozes and other cooperatives and workers at sovkhozes and other enterprises, who along with monetary payments received payment in kind, on the value of which insurance contributions are added, when the average monthly earnings are determined, this payment in kind is taken into account at state retail prices of the period during which the wages were produced.

#### **Article 61. Calculations of Pensions for Individual Categories of Citizens**

Pensions for members of creative unions and other creative workers (article 5 and point 3 of article 40) are calculated on the basis of the royalties computed at state rates for any five years in succession from the last 15 years of creative activity before the application for a pension. In cases when, at the same time, they work at enterprises, for the calculation of a pension the royalties and earnings for the corresponding period are taken into account for the calculation of a pension (articles 58 and 67).

Pensions for persons engaged in individual labor activity, including under conditions of individual (group) leasing, or in private peasant farming, as well as working for individual citizens on the basis of contracts (domestics, nannies, secretaries, typists, stenographers, guards, gardeners, drivers, and others), are calculated on the basis of the actual amount of earnings accepted for the determination of contributions to the Kazakh Republic Department of the USSR Pension Fund.

For students, graduate students, and clinical interns, who worked before entering educational institutions, courses, graduate studies, or clinical internship, at their wish the grant during the study period, instead of earnings, can be taken into account during the calculation of pensions.

**Article 62. Calculation of Pensions With Incomplete Length of Service**

Pensions with an incomplete length of service are granted in an amount proportional to the existing length of service. Pensions are calculated in the following manner: At first the appropriate full pension is determined. This pension is divided by the number of months of the required full length of service. The obtained amount is multiplied by the number of months of the existing actual length of service (in this length of service a period of more than 15 days is rounded up to a full month and a period up to 15 days inclusive is not taken into account).

If the pension with a full length of service is assumed to be the minimum amount established by this law, the pension with an incomplete length of service is granted in proportion to the existing length of service on the basis of the minimum pension amount, but in all cases in an amount no smaller than the social pension established for the corresponding category of nonable-bodied persons, unless otherwise specified by this law.

**Article 63. Calculation of Pensions in the Event of Loss of the Breadwinner**

During the calculation of pensions in the event of loss of the breadwinner articles 58-62 and 65-67 of this law are applied respectively.

Pensions for families of pensioners are calculated in terms of the same earnings, on the basis of which the breadwinner's pension was calculated.

Pensions for families of pensioners, who had the right to a recalculation of pensions in accordance with the procedure provided for by article 68 of this law, are calculated in terms of the earnings, on the basis of which the breadwinner's pension was or could have been recalculated.

**Article 64. Calculation of Earnings When Changing Over From One Pension to Another**

When changing over from one pension to another, earnings are determined on the usual terms (articles 59 to 61 of this law). A pension on new terms can also be calculated (at a pensioner's wish) in terms of the same earnings, on the basis of which a previously paid pension was calculated, or from which a pension could have been recalculated.

**Article 65. Calculation of Earnings for the Period of Work Abroad**

During the calculation of the average monthly earnings of workers sent from the USSR to work abroad the wages received by them before being sent abroad (articles 58 and 61) or, according to their choice, the earnings determined in accordance with article 66 of this law are taken into account.

**Article 66. Calculation of Pensions for Soviet Citizens Resettling From Other Countries**

Pensions for Soviet citizens resettling from other countries, who did not work in the USSR, are calculated on the basis of the average earnings of workers of corresponding occupations and skills in the Kazakh SSR by the time pensions are granted (according to the data of the appropriate trade union).

**Article 67. Calculation of Pensions to Persons Residing in Regions Where Regional Wage Coefficients Are Established**

When pensions are granted to persons residing in regions where regional wage coefficients are established for workers and employees, the actual wages calculated with the application of the regional coefficient are taken into account.

At the same time, the fourfold wage minimum and subsequent parts of the earnings specified by article 58 of this law are also calculated with the application of the regional coefficient established in a given region for workers and employees in nonproduction sectors, but no more than a coefficient of 1.5.

For persons residing in regions where wage coefficients are established for the first time or their amounts are increased, the average monthly wages, on the basis of which the pension is calculated, are recalculated through the application of the established (increased) coefficient with an observance of the rules specified by the second paragraph of this article.

When these persons arrive in regions where the wage coefficient is not established, or is established in a smaller amount, according to their choice the pension is calculated in accordance with the same procedure, but with an exclusion (reduction) of payments according to regional coefficients from the actual earnings, or from the earnings calculated in accordance with articles 58 and 60 of this law.

For persons arriving for permanent residence in regions indicated in the first part of this article from the country's other regions, for which regional coefficients are not established, or are established in a smaller amount, the earnings for the calculation of pensions are recalculated through the application of the regional coefficient with an observance of the rules in effect in this region.

Minimum amounts of labor pensions and amounts of social pensions granted in regions, where regional wage

coefficients are established, are determined for the period of residence in these regions with the application of the coefficient in effect in this region for workers and employees in nonproduction sectors.

**Article 68. Recalculation of Pensions From Higher Earnings**

For pensioners, who after the granting of retirement or disability pensions worked no less than two years with higher earnings than those, on the basis of which pensions were calculated, on a pensioner's petition a new pension amount is established on the basis of the higher earnings determined in the last two years of work before the application for a recalculation of the pension in accordance with articles 58-61 of this law.

A recalculation of the pension granted in a minimum amount in connection with the lack of earnings is made on the same terms.

In case of a further rise in a pensioner's earnings, on his petition a new recalculation of the pension is made. Each subsequent recalculation of the pension is made no earlier than after two years of work following the previous recalculation.

**Article 69. Recalculation of Pensions With Incomplete Length of Service**

If a pensioner, to whom with an incomplete length of service a retirement pension or a disability pension of group I or II is granted, after the granting of the pension worked no less than two years, on his petition the pension is recalculated on the basis of the length of service existing by the time of recalculation. Each subsequent recalculation of the pension is made no earlier than after two years of work following the previous recalculation.

If a pensioner, continuing to work, acquired the length of service sufficient for the granting of a full pension, on a pensioner's petition a corresponding recalculation of the pension is made, irrespective of how much time passed after the granting of a pension with incomplete length of service. At the same time, a full disability pension is established provided a pensioner has the length of service sufficient for the granting of a full pension according to a pensioner's age by the time of the onset of disability (article 21).

According to a pensioner's choice, the pension is recalculated in terms of the earnings, on the basis of which the pension was initially granted (or subsequently recalculated in accordance with the procedure provided for by article 68 of this law), or on the basis of the last earnings.

**Article 70. Recalculation of a Pension in Connection With a Change in the Family Status, Beginning of Work, or Its Cessation**

In cases when after the granting of a pension a pensioner, in connection with a change in the family status, beginning of work, or its cessation, acquires or loses the right

to an addition for nonable-bodied family members, or the amount of this addition is subject to a change, the pension is recalculated respectively.

**Article 71. Procedure of Computation of Additions to and Increases in Pensions**

Additions to pensions established for nonworking pensioners, on whom nonable-bodied family members depend for support, are computed for family members indicated in articles 26 and 27 of this law. These additions are not computed for family members who receive a labor or a social pension.

When the right to a social pension and to an addition exists simultaneously, according to the applicant's choice, either a pension or an addition is granted to nonable-bodied family members.

When a family has two nonworking pensioners or more, every nonable-bodied family member, who depends on them for support, is taken into account for the computation of an addition for only one pensioner according to his choice.

When the right to various types of pension increases exists simultaneously, one—the higher pension increase, with the exception of the increase provided for persons residing in Kazakhstan's ecological disaster regions—is applied.

**Article 72. Increase in Minimum Amounts of Pensions and Maximum Amounts of Earnings**

Minimum amounts of pensions and maximum amounts of earnings taken into account for the calculation of pensions (article 58) are raised in connection with the increase in the amount of the determined minimum of subsistence and minimum wages. At the same time, the rise is effective as of 1 July if the increase in the amount of the determined minimum of subsistence and minimum wages is made before 1 July and, as of 1 January of the following year, if the indicated increase is made as of 1 July or later.

**Article 73. Increase in Pensions in Connection With a Change in the Cost-of-Living Index and Wage Increase**

**Alternative I.** Pensions calculated in accordance with this law are raised annually—in connection with the change in the cost-of-living index and the wage increase—by no less than five percent (alternative—by 10 percent) of the minimum retirement pension in accordance with the procedure determined by the Kazakh SSR Supreme Soviet.

**Alternative II.** Pensions calculated on the basis of earnings according to the norms of articles 46, 47, and 49 of this law are raised annually in accordance with the change in the cost-of-living index and the wage increase on the basis of the procedure determined by the Kazakh SSR Supreme Soviet, but by no less than two percent of the earnings, on the basis of which the pension is computed (article 58).

## Section VII. Granting of Pensions

### Article 74. Procedure of Application for the Granting of Pensions

An application for the granting of pensions to workers, employees, and their family members (in the event of loss of the breadwinner) is submitted through the administration of an enterprise, an institution, and an organization at the last place of work.

An application for the granting of pensions to members of kolkhozes and other cooperatives and to their families is submitted through the kolkhoz (cooperative) board.

Within a 10-day period from the day an application is received the administration (board), jointly with the trade-union committee, draws up the necessary documents on the length of service and earnings and together with the submitted application and its own presentation sends them to the rayon (city) social security department, where an enterprise or an organization is located. In coordination with the social security department documents for the granting of a pension can also be submitted before workers, employees, and kolkhoz (cooperative) members reach the pension age.

If the worker applying for the granting of a pension is denied a presentation for the granting of a pension, he is notified of this in writing with an indication of the reasons for the denial. In cases when the applicant for a pension does not agree with the decision of the administration (board) and the trade-union committee concerning the denial of his presentation for the granting of a pension, he can submit a petition for the granting of a pension directly to the rayon (city) social security department at the place where an enterprise or an organization is located.

A petition for the granting of pensions to other citizens and their family members is submitted directly to the rayon (city) social security department at the petitioner's place of residence.

Social security departments must give explanations and information on matters concerning the granting of pensions, as well as assist the petitioner in obtaining the necessary documents.

Social security departments have the right to demand appropriate documents from enterprises, organizations, and individuals, as well as to check in the necessary cases the substantiation of their issue, and to ask bodies for state expert examination of working conditions for a conclusion on the substantiation of the issue of documents on the employment of applicants for pensions on preferential terms in work with special working conditions.

Enterprises and organizations bear financial responsibility to a pensioner for the damage done to him as a result of a tardy submission of documents for a pension (recalculation of a pension), or the submission of documents containing unreliable information.

In case of damage done to the state owing to the submission of documents with unreliable information by an enterprise or a pensioner, the Kazakh Republic Department of the USSR Pension Fund is compensated for the damage done.

### Article 75. Bodies Granting Pensions

Pensions are granted by commissions for the granting of pensions formed by rayon (city) soviets of people's deputies.

The membership of a commission is determined by the rayon (city) soviet of people's deputies. Along with other members, a commission includes the head of the rayon (city) social security department.

On the authorization of the commission for the granting of pensions on its behalf pensions can be granted individually by a commission member—head of the rayon (city) social security department. However, in all cases, at the request of the applicant for a pension and other interested persons and organizations, the problem concerning the granting of a pension is resolved by the commission for the granting of pensions.

### Article 76. Periods of Examination of Documents on the Granting of Pensions

Documents on the granting of pensions are examined by bodies granting pensions (article 75) no later than 10 days after the day of their receipt.

In all cases a decision on the denial of a pension is made only by the commission for the granting of pensions. No later than five days after the rendering of an appropriate decision the social security department issues or sends to the enterprise or the petitioner a notification of the denial of a pension with an indication of the reason for the denial and the appeal procedure and, at the same time, returns all documents.

### Article 77. Appeal Against Decisions of the Commission for the Granting of Pensions

An appeal against the decision of the commission for the granting of pensions can be filed with the rayon (city) soviet of people's deputies, or with the rayon (city) people's court. The body examining a dispute concerning the right to the provision of a pension in the necessary cases demands a conclusion of a superior social security body, or a body for state expert examination of working conditions.

### Article 78. Periods for the Granting of Pensions

Pensions are granted from the day of application for a pension except for the following cases, when pensions are granted from an earlier period:

1. Retirement and disability pensions are granted from the day the pension age is reached or disability is established by the medical commission for the determination of disability, if the application for a pension



followed no later than three months from the day the pension age is reached or disability is established.

2. Pensions in the event of loss of the breadwinner are granted from the day of occurrence of the right to a pension, but for no more than 12 months before the application for a pension.

The day of acceptance by the social security department of the petition (presentation) for the granting of a pension with all the necessary documents is considered the day of application for a pension. If the petition (presentation) for the granting of a pension is sent by mail and, at the same time, all the necessary documents are enclosed, the date indicated on the post mark of the place of dispatch of this petition (presentation) is considered the day of application for a pension.

In cases when not all the necessary documents are attached to the petition (presentation), the social security department advises the enterprise administration or the petitioner in a letter which additional documents should be presented. If they are presented no later than three months from the day the notification on the need to present additional documents is received, the day of acceptance of the petition (presentation) for the granting of a pension, or the date indicated on the post mark of the place of dispatch of the petition (presentation), is considered the day of application for a pension.

On the expiration of the indicated period the body granting a pension makes a decision on the granting or denial of a pension according to existing documents.

#### **Article 79. Periods of Recalculation of the Granted Pension**

The granted pension is recalculated from the following periods, unless otherwise specified by this law:

When the right to a pension increase occurs—from the 1st of the month during which a pensioner applies for a recalculation of a pension, if he submitted the appropriate petition with all the necessary documents before the 15th inclusive, and from the 1st of the following month, if he submitted the petition with all the necessary documents after the 15th.

When circumstances involving a reduction in a pension arise—from the 1st of the following month.

#### **Article 80. Transfer From One Pension to Another**

The transfer from one pension to another is made individually by a member of the commission for the granting of pensions—head of the rayon (city) social security department.

The transfer is made from the day of submission of an appropriate petition with all the necessary documents (if they are not available in the pension file).

#### **Article 81. Procedure of Granting Preferential Pensions to Persons Who Had the Right to a Pension on Preferential Terms Before the Promulgation of This Law**

Persons, who before the promulgation of this law were engaged in work with harmful and difficult working conditions specified by the legislation previously in effect, are granted retirement pensions under the following conditions:

1. Persons, who by the day of promulgation of this law have a full length of service in the indicated work giving the right to a pension on preferential terms, are granted pensions in amounts specified by this law in accordance with the age and length-of-service requirements established by the legislation previously in effect.

2. For persons, who do not have a full length of service in work with harmful and difficult working conditions, the age required for the granting of a pension in accordance with article 10 is reduced in proportion to the existing length of service in accordance with the procedure provided for by article 11 of this law on the basis of the requirements for this length of service established by the legislation previously in effect.

#### **Article 82. Procedure of Redistribution of Previously Granted Pensions Under the Terms of This Law**

A pension is recalculated on the basis of documents on age, length of service, and earnings and other documents existing in the pension file by the time of recalculation, as well as additional documents submitted by a pensioner by the time of recalculation.

If subsequently a pensioner submits additional documents giving the right to a further pension increase in connection with the promulgation of this law (on the length of service, earnings, family status, and others), the pension is again recalculated according to the norms of this law. At the same time, the recalculation is made for the past time, but for no more than 12 months before the submission of additional documents and not earlier than from the day of promulgation of this law.

At the same time, pensions granted on the basis of the legislation previously in effect, according to pensioners' choice, are recalculated on the basis of the average monthly earnings during five years (articles 58-61 and 67) before the promulgation of this law for the corresponding category of pensioners, or before the granting of a pension, or in terms of the earnings, on the basis of which a pension was calculated previously according to documents available in the pension file with an application of the second part of article 58 and of article 67 of this law.

### **Section VIII. Payment of Pensions**

#### **Article 83. Procedure of Payment of Pensions**

Pensions are paid in accordance with the following procedure:

1. To nonworking pensioners for the current month—by social security bodies at a pensioner's actual place of residence, irrespective of registration.

Pensions are delivered and sent at the expense of the Kazakh Republic Department of the USSR Pension Fund.

2. To working pensioners—in the full amount, without taking into account the earnings (income) received at the place of work, from social insurance contributions. Pensions are paid for the past month simultaneously with the payment of wages for the second half of the month.

Long-service pensions are paid in accordance with the same procedure to workers in education, public health, and social security (article 37) during the period when they begin work in their specialty, but on condition that a labor contract is concluded for a fixed period.

#### **Article 84. Duty of Pensioners and Enterprise Managers To Notify Social Security Departments of a Change in Conditions Affecting the Payment of Pensions**

In cases when, owing to the existence of earnings or other income, the granted pension should be paid in a reduced amount, or not be paid at all, pensioners must notify social security departments of the existence of earnings, grants, or other income.

Pensioners, who receive a pension in the event of loss of the breadwinner, or an addition to the pension for nonable-bodied family members, must also notify social security departments of changes in the composition of family members, to whom a pension or an addition to a pension is paid.

Enterprise managers must advise appropriate social security departments of the hiring of pensioners within a five-day period.

In case of violation of the requirements of this article pensioners and enterprise managers bear responsibility for the financial damage done and must compensate for it.

#### **Article 85. Payment of a Pension by Power of Attorney and Procedure of Its Legalization**

A pension can be paid by power of attorney. Power of attorney can be issued for a period of no more than three years.

If the period is not indicated in the power of attorney, it retains its force during one year from the day of its execution.

Power of attorney should be certified notarially, or by a house administration, or by another housing organization at a pensioner's place of residence, or by the medical institution where a pensioner is hospitalized.

#### **Article 86. Payment of a Pension for Past Time**

The computed pension amounts not claimed by a pensioner on time are paid for past time, but for no more than three years before the application for a pension.

Pension amounts not received on time through the fault of the body granting or paying the pension are paid for past time without any time limitation.

#### **Article 87. Period of Payment of Pensions During a Change in the Disability Group or Restoration of Work Fitness**

In case of a change in the disability group the new pension amount is paid from the day of change in the disability group.

In case the reexamined person is declared able-bodied, the pension is paid until the end of the month in which he is declared able-bodied, but no more than until the day on which disability is established.

#### **Article 88. Terms for the Renewal of Payment of a Pension During Interruptions in Disability**

If a disabled person did not appear before the medical commission for the determination of disability on the date set for this, the payment of a pension to him is suspended and, in case he is again declared disabled, is renewed from the day of suspension, but for no more than one month.

If the date of reexamination is missed for a valid reason, the payment of a pension on the basis of the decision of the commission for the granting of pensions is made from the day of suspension of the payment until the day of reexamination, but for no more than three years, if the medical commission for the determination of disability declares him disabled for this period. At the same time, if during the reexamination the disabled person is transferred to another disability group (higher or lower), the pension for the indicated time is paid according to the previous group.

If the payment of a pension to a disabled person, who lost his work fitness as a result of a general disease, was suspended owing to the restoration of work fitness, or if he did not receive a pension owing to nonappearance for reexamination without valid reasons, in case of his subsequent declaration as a disabled person the payment of the previously granted pension is renewed from the day of reestablishment of disability, provided no more than five years passed after the suspension of the payment of a pension. If more than five years passed, the pension is newly granted on the usual terms.

**Article 89. Payment of Pensions During Hospitalization**

During a pensioner's confinement in a hospital, a clinic, a military hospital, and other medical institutions, as well as in a leprosary, the pension is paid in full.

**Article 90. Payment of Pensions to Persons Living in Boarding Homes for the Elderly and Disabled**

Pensioners who live in boarding homes (guest houses) for elderly and disabled persons are paid 10 percent of the granted pension, but no less than 20 percent of the minimum monthly retirement pension. In cases when the amount of their pension exceeds the cost of support in these boarding homes (guest houses), the difference between the pension and the cost of support, but no less than 10 percent of the granted pension and no less than 20 percent of the minimum monthly retirement pension, is paid. If a pensioner living in a boarding home (guest house) for elderly and disabled persons has nonabled family members, who depend on him for support (articles 26 and 27), the pension is paid in accordance with the following procedure: A total of 10 percent of the pension, but no less than 20 percent of the minimum retirement pension is paid to the pensioner himself and the remaining part of the pension, but no more than 50 percent of the granted amount, is paid to the indicated family members.

**Article 91. Payment of Pensions During Imprisonment**

In case of a pensioner's imprisonment the granted pension during the time of imprisonment is paid in accordance with the procedure determined by article 90.

**Article 92. Payment of Pensions in the Event of Loss of the Breadwinner to Children on Full State Support**

Children who lost both parents are paid full pensions during the period on full state support.

Other children on full state support are paid 25 percent of the granted pension.

**Article 93. Payment of a Pension Not Received in Connection With a Pensioner's Death and Payment of an Allowance for Burial**

Pension amounts due a pensioner, which are not received in connection with his death, are not included in his estate and are paid to his family members, who are among the persons provided with a pension in the event of loss of the breadwinner (articles 26 and 27). However, his parents and spouse, as well as family members living together with a pensioner on the day of his death, have the right to receive these amounts even if they are not among those provided with a pension in the event of loss of the breadwinner.

On the application of several family members the pension amount due them is equally divided among them.

The indicated amounts are paid if the application for them was received no later than six months after a pensioner's death.

In case of a pensioner's death his family is paid an allowance for burial in the amount of a two-month pension.

If a pensioner's funeral is carried out by persons who are not his family members, the allowance is paid to these persons in an amount not higher than the actually incurred expenditures on burial within the indicated amount of allowance.

**Article 94. Payment of Pensions to Citizens Who Went Abroad**

Pensions granted in the USSR before departure for permanent residence abroad are paid six months in advance of the departure. During the time of stay by these citizens abroad only pensions granted as a result of an industrial injury or an occupational disease are paid.

The procedure of transfer of pensions granted as a result of a labor injury or an occupational disease to other countries is determined by the USSR Government.

**Article 95. Withholdings from Pensions**

Withholdings from pensions can be made:

1. on the basis of judicial decisions, orders, rulings, and sentences (in connection with property penalties), certifications of judgments by notary offices, and other decisions and decrees, which in accordance with USSR and Kazakh SSR legislation are executed on the basis of the procedure established for the execution of judicial decisions;

2. on the basis of decisions of the commission for the granting of pensions for the exaction of pension amounts excessively paid to a pensioner as a result of abuses on his part (as a result of the submission of documents with knowingly incorrect information, concealment of earnings or other income, and non-submission of information on changes in the composition of his family members).

No other withholdings from pensions, except for those indicated above, are permitted.

The amount of withholding from a pension is calculated on the basis of the amount due for payment to a pensioner.

No more than 50 percent of the pension can be withheld from it:

f—for the support of family members (support payments), for compensation for damage due to the misappropriation of enterprise property, for compensation for the harm done by an injury or by other damage to health, as well as in connection with the breadwinner's death, and for the return of excessively received amounts of wages in cases specified by legislation.

No more than 20 percent of the pension can be withheld for all other types of exactions.

Withholdings on the basis of decisions of the commission for the granting of pensions are made in an amount not higher than 20 percent of the pension in excess of the withholdings on other grounds.

In all cases of levy of execution upon a pension no less than 50 percent of the due pension is reserved for a pensioner.

In case of suspension of the payment of a pension (for example, as a result of the restoration of work fitness), until the full liquidation of debts on excessively paid pension amounts withheld on the basis of decisions of the commission for the granting of pensions, the remaining debts are exacted judicially.

#### **Section IX. Rights of Local Soviets of People's Deputies and Labor Collectives in the Establishment of Additional Types of Material Security for Pensioners**

##### **Article 96. Rights of Local Soviets of People's Deputies**

Soviets of people's deputies of oblasts, cities, and other administrative and territorial units within their rights can establish the following from appropriate local budget funds:

- additions to pensions for single nonable-bodied citizens, as well as for other pensioners in need of outside help, who do not have sufficient funds ensuring the minimum of subsistence;
- pensions for services of local significance in the field of science and culture and in other spheres of activity;
- privileges for pensioners in the payment for living space, municipal services, medical services, travel by public transportation, and other types of privileges.

Local soviets of people's deputies also make other decisions aimed at improving the living conditions of pensioners, first of all, those who are badly-off, single, under-age, full orphans, and disabled, as well as participants and workers in the rear, with local budget funds.

##### **Article 97. Rights of Labor Collectives**

The administration of enterprises and organizations, jointly with the trade-union committee and the enterprise council, has the right to resolve—with its own funds earmarked for wages—problems connected with an improvement in the living conditions of veterans and disabled persons working in a given collective and of other pensioners and, in particular:

- to establish additions to state pensions with due regard for a worker's labor contribution and total and uninterrupted length of service;
- to introduce early pensions for persons working under unfavorable working conditions, if they do not have

the right to preferential pensions on the basis of working conditions in accordance with this law;

- to pay pensions to working pensioners on more preferential terms than established by this law;
- to establish additions to pensions for single pensioners in need of outside help and for their care;
- to introduce personal additions (additional payments) to pensions and to pay a lump sum grant to workers retiring on a pension, who have rendered special services to a given labor collective.

Enterprises and organizations have the right—with their own funds earmarked for social development—to establish for pensioners privileges in the payment for living space and for the support of children in children's institutions under the authority of enterprises and organizations, to partially or fully pay for the cost of fuel, municipal services, individual means of transportation, other goods needed by pensioners, fixed contributions to house building, garden, and garage building cooperatives, tickets for travel by all types of public transportation, and attendance at cultural-educational and theatrical entertainment institutions and to give other help to pensioners.

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The draft of the Law on Provision of Pensions to Citizens in the Kazakh SSR is to be examined at the fourth session of the republic's parliament. Proposals and remarks on the draft law should be sent to the following address: Alma-Ata, Kazakh SSR Supreme Soviet, Committee for Affairs of Veterans, Disabled Persons, and Servicemen.

#### **Tajik Law on Republic's 1991 Budget**

914A0619A Dushanbe KOMMUNIST  
TADZHIKISTANA in Russian 12 Mar 91 p 1,3

[Law of the Tajik Soviet Socialist Republic on the TaSSR Budget for 1991, issued in Dushanbe 27 February 1991]

[Text] The Supreme Soviet of the Tajik Soviet Socialist Republic **resolves**:

**Article 1.** To approve the TaSSR 1991 Budget, as submitted by the TaSSR Council of Ministers, with revenues of R2,410,199,000 and expenditures of R2,551,866,000, including financial assistance from the Union Budget totaling R1,343,939,000, and with a net deficit of R141,667,000.

**Article 2.** To provide in the TaSSR 1991 Budget for revenues from state and cooperative enterprises in the form of sales turnover taxes and taxes on profits from cooperative and public organizations, as well as other sources of revenue from socialist institutions, totaling R2,103,780.



To recognize the feasibility of introducing in 1991:

—special taxes to be levied on citizens upon their departure from the country on trips (with the exception of those acting in an official capacity for institutions provided for in the budget) in the amount of R100; for persons leaving the country for a permanent change of residence who have reached the age of 18, a tax of R1,000; and for those who have received higher educations in educational institutions in the country, a tax of R5,000.

—a tax on the sale of nonresidential property amounting to 20 percent of the difference between the cost basis and the sales price.

**Article 3.** So that the USSR may exercise the authority delegated to it by the TaSSR, the republic Supreme Soviet further resolves to approve the transfer of R500 million to the Union Budget.

**Article 4.** To provide for the economic development of the republic economy in the TaSSR 1991 Budget, including the further development of heavy industry, the building industry, light industry, the agro-industrial complex, transport, housing and utilities, as well as other branches of the economy, in subsidies totaling R1,522,689,000.

**Article 5.** To authorize appropriations in the TaSSR 1991 Budget for cultural and social programs; for general education schools; for technical, vocational-training, and higher teacher-training institutions; for scientific research institutions; for libraries, clubs, theaters, publishing houses, radio and television broadcasting stations, and other facilities for the dissemination of education and culture; for hospitals, convalescent homes, and other institutions designed to promote health and physical culture; and for pensions and assistance grants, totaling R820,482,000. This figure includes R318,220,000 for measures to protect mothers and newborn infants as well as R13,098,000 in subsidies for science.

**Article 6.** To authorize R27,815,000 for the maintenance of the institutions of state power and administration and R35,314,000 for the courts and law enforcement agencies.

**Article 7.** To recognize operating funds on hand in the TaSSR Budget as of 1 January 1992 in the amount of R13,800,00.

**Article 8.** To approve for 1991 the following standard deductions from state taxes and other sources of revenue to be allocated to local budgets in the republic:

(a) For standard deductions of tax proceeds in percentage terms, see Table 1.

**Table 1: Percentage of TaSSR Tax Revenues Allocated to Local Budgets**

Local Budget Area	Tax Source		
	Turnover	TaSSR-Subordinate Enterprise Profits	USSR-Subordinate Enterprise Profits
Kulyab Oblast	100	50	100
Kurgan-Tyube Oblast	100	50	100
Leninabad Oblast	45.4	50	100
Gorno-Badakhshan AO	100	50	100
Dushanbe	10	28	50
Ordzhonikidzeabad	60	50	100
Nurek	—	100	
Tursunzade	100	50	100
Rogun	—	—	47
Garmshiy Rayon	100	50	100
Gissarskiy Rayon	24.7	50	100
Dzhirgatal'skiy Rayon	—	—	100
Komsomolabad'skiy Rayon	—	—	100
Leninskiy Rayon	100	50	100
Ordzhonikidzeabad'skiy Rayon	100	50	—
Fayzabad'skiy Rayon	—	50	100

(b) Twenty percent of profits from state internal loans to be transferred to the budgets of Kulyab, Kurgan-Tyube, and Leninabad oblasts, the Gorno-Badakhstan Autonomous Oblast, and Dushanbe;

(c) One hundred percent of personal income tax receipts withheld by enterprises, institutions, and organizations; of agricultural taxes; of taxes on bachelors, single persons, and USSR citizens with small families; and of payments made for standing timber;

(d) Thirty percent of sales tax receipts accruing in the republic budget;

(e) TaSSR consumer cooperatives shall be permitted to assign R4 million for the reconstruction or completion of construction of kolkhoz markets by reducing budget allocations derived from total taxes on profits of these organizations in 1991.

**Article 9.** To grant the TaSSR Cabinet of Ministers the following authority:

- to increase fines for traffic violations by operators of motor vehicles and pedestrians;
- to set rates and establish procedures for levying taxes on advertising;
- to set taxes on the resale of motor vehicles, representing 10 percent of the cost of the transaction in the case of domestically produced vehicles and 20 percent in the case of foreign-made vehicles; and up to 25 percent of the resale value of computer equipment, personal computers, and video and audio equipment.

For the purpose of stimulating an increase in the earnings of local budgets, a supplementary allocation is anticipated, amounting to 50 percent of the turnover tax derived from what is owed to the republic budget from achieving production over and above the fulfillment of the state order.

**Article 10.** To form in 1991 a TaSSR Economic Stabilization Fund outside the budget, consisting of the following sources of income:

- fees amounting to 11 percent of labor cost expenditures by enterprises, associations, and organizations (with the exception of organizations provided for in the budget) on all forms of property situated in the TaSSR;
- twenty percent of amortized deductions for the full recovery of the cost of fixed assets, representing all forms of property ownership, in the possession of enterprises and organizations, excepting those of the agro-industrial complex;
- earnings from the re-purchase of state property and possessions belonging to state enterprises, including 50 percent of economic stimulation funds left as of 1 December 1990, and other sources;
- twenty percent of credits for the re-purchase of state property out of the accounts of other sources;
- profits of enterprises and organizations derived from rises in contract prices for production (including work

and services) over and above established profitability margins.

The TaSSR Economic Stabilization Fund, as established outside the budget in 1991, to the extent that earnings permit, is to be used for the following purposes:

- financing centralized state capital investments, primarily in the social sector and in the production of consumer goods;
- providing financial assistance to regions of the republic that lag behind in terms of economic development;
- rendering financial support to enterprise branches in which prices set by the central government are being retained, along with related unprofitable activities for which they are not responsible.

The TaSSR Cabinet of Ministers shall determine the proper procedures for making use of the outside-the-budget resources of the TaSSR Economic Stabilization Fund.

**Article 11.** To recognize accrued income in the TaSSR Economic Stabilization Fund for 1991 totaling R1,343,802,000 with a deficit of R100 million.

**Article 12.** To recognize disbursements from the TaSSR Economic Stabilization Fund totaling R1,443,802,000, allocated for the following purposes:

- (a) R864 million for capital investments;
- (b) R85,482,000 in subsidies to enterprises maintaining centrally established prices;
- (c) R200 million to the All-Union Economic Stabilization Fund;
- (d) R279,779,000 to the (intra-republic) Assistance Fund;
- (e) R14,541,000 for other expenses.

**Article 13.** In order to make up the deficit in the TaSSR 1991 Budget, while in the process of implementing the plan in accordance with the budget, the TaSSR Cabinet of Ministers is instructed to take supplementary measures to increase the financial revenues accruing in the budget and Economic Stabilization Fund, while achieving savings through a more efficient and efficacious use of budget allocation resources and economic stabilization funds.

**Article 14.** The TaSSR Cabinet of Ministers is authorized to revise indicators for the TaSSR State Budget for 1991, influenced not only by normative acts of Union administrative bodies and the State Plan, but by predictions of the functioning of the TaSSR economy in 1991 as well as the implementation of proposals made by TaSSR people's deputies.

**Article 15.** The TaSSR National Bank and commercial banks shall bear responsibility for the timely and correct entry of earnings accruing to the republic budget in

accordance with the provisions of this law. In the event of systematic infractions or failure to comply with the provisions of this law in the distribution of income credited to line items of the budget, the directors of the banking institutions, their subdivisions, and service facilities shall be subject to discharge from their positions and personal compensation of up to two months' salary for whatever losses may be incurred.

[Signed] K. Makhkamov, *President of the Tajik SSR, Dushanbe, 27 February 1991.*

### Measures for RSFSR Economic Recovery Suggested

914A0648A Moscow PRAVDA in Russian 17 Apr 91  
Second Edition p 3

[Article by Doctor of Economic Sciences Yu. Voronin and Doctor of Economic Sciences, Professor V. Lebedev: "Controversial Notes: What Is Russia To Be?"]

[Text] Moscow—How could it happen that the Union and Russia, which possess enormous scientific and technical, production, and intellectual potential, are facing a threat of disintegration? What is to be done? How can we turn the situation around and come out of the crisis? What are the ways to raise the population's standard of living?

We can clearly see now two general courses toward the future of perestroika that are opposite to each other in their sociopolitical goals.

The first course, approved by the USSR Supreme Soviet, is written in the "Basic Directions of the Stabilization of the National Economy and of the Transition to a Market Economy" draft of the Union treaty and in the presidential ukases that set the general directions for coming out of the crisis for the entire Union, but taking into account the specifics of the Union republics as sovereign states.

Another course is more "motley" in its structure of forces, and so far has a more amorphous shape. Its contents are permeated and filled by the decisions made separately by Supreme Soviets of a number of republics. Among the main landmarks of this course are: a shock transition to a market; mass entrepreneurship based on the fragmentation of state property and the conversion of its base into a private and capitalist one that relies on hired labor.

Now that the majority of people in Russia and in the entire country have chosen the Union as a commonwealth of Soviet socialist republics, it is necessary to join forces in the name of implementing a true program of progress for Russia and its peoples. It is impossible to achieve stabilization of the RSFSR economy in the environment of its existing opposition to the center. Political, national, and economic stabilization is now the immediate goal of the policy of the Russian state. We are convinced that the program of renewal for Russia should be directed at solving this immediate task.

We see this program as a comprehensive one, socially-oriented toward the growth of the commonwealth, with new planks and, most important, containing a mechanism that would guarantee its implementation. However, unlike the one-sided transition to a market as a panache for everything—which is the shortcoming of the RSFSR Council of Ministers' program presented to the Third (Extraordinary) RSFSR Congress—a scientific renewal of the economic organism is needed.

We are offering for discussion some specific measures for the program of renewal for Russia, first of all for its initial part that is designed to overcome the crisis to a noticeable degree as early as this year. Today, a turning point in the development of the real economy can only be achieved on the basis of extraordinary measures, even if they have to be unpopular. The first thing that needs to be done on all levels of economic management is to increase discipline and responsibility and put things in order in all sectors of the economy. Without it, we cannot get out of the crisis.

The main direction for getting out of the crisis is to take immediate measures to restore the manageability of economy. Along with harsh measures to improve the health of finances and the credit and monetary system, and by working out the RSFSR emergency budget for the second quarter and the second half of the year, this will largely remove the social dissatisfaction of the population and will make subsequent steps in the stabilization of the economy easier. In this extraordinary situation separatist ambitions should be dropped, and the proposal to transform the USSR State Bank system into the Union reserve system should be supported. This system will establish single, coordinated, and mandatory rules for the entire economy for regulating the credit and money supply, including reserve requirements for commercial banks, a base interest rate, and other things. Under these conditions, the task of arresting the further decline in production is realistic even for 1991.

A modern economy based on new conceptual principles of perestroika cannot do without scientifically organized structures of state administration that reflect reformed economic processes.

The practice of civilized countries shows that to get out of the crisis a comprehensive system of administration organs is needed; this will include republic associations, joint-stock societies, and corporations. It is important to raise the prestige of the scientific professionalism of republic-level functionaries and the entire administrative apparatus. In our opinion, to overcome the crisis in construction and to implement the necessary reorganization of the economic structure, the manageability of the construction industry should be restored. First of all, we need to restore the organs of state regulation of the investment process on the level of the RSFSR Council of Ministers; to create the necessary structures for the production of construction equipment, mechanisms, and technological processes; and to achieve a 1.5 to two-fold

increase in the volume of production of construction materials, prefabricated components, and house finishing supplies.

Another system of extraordinary measures is immediately needed, in our opinion, to solve the food problem and get agriculture out of the crisis. These days the situation in agriculture is often appraised on the basis of external features that make rural life different from that of the city: worse housing, fewer amenities, etc. Thus the direction toward the social rebirth and development of rural areas. This is a needed, but not the only major direction. At the root of the crisis in agriculture are structural defects, distortions, and technological backwardness.

The program to immediately change the situation in agriculture cannot be limited to simply dividing the lands on the eve of the sowing season and the administrative disbandment of kolkhozes and sovkhoses for the sake of a farming fad. We believe that its foundation should rest on the radical strengthening of existing major producers of goods. They are in dire need of fertilizers, equipment, superior stock of young animals, and intensification techniques. The issues of the social rebirth of the rural areas and the development of farm-based agriculture should be resolved in close coordination with the tasks listed above, and by setting the goal of a necessary increase in the volume and marketability of the product by offering economic stimuli.

Because of the extraordinary situation in the production of food, the RSFSR Supreme Soviet should announce for 1991 a "civil mobilization" of all levels of deputies, placing on the soviets strict responsibility implementing the upsurge in the rural economy.

As for the increase in the production of industrial consumer goods, and, accordingly, the development of a market infrastructure, immediate measures need to be undertaken in this area, too.

Getting out of the crisis requires an immediate tightening of the inter-enterprise discipline of deliveries, the introduction of correct prices, and many other things. The USSR president recently issued an ukase on the restoration of established ties between enterprises, since their destruction for the sake of creating more rational market-based links turned out to be premature. Reality shows, however, that so far this ukase has not had much effect, since no flexible mechanism for its implementation were offered. It appears that it should be expanded by added features when it is included in the program for the rebirth of Russia. In our opinion, in addition to powerful stimuli, harsh sanctions need to be introduced for a certain period of time, as well as compensation to the suppliers who find, in the course of establishing market relations, more profitable options for selling their product. These parts of the implementation mechanism may be presented in the form of preferential credits or advances from trade firms.

In future, enterprises and planning organs will have to handle the task of finding optimum solutions for establishing ties, taking into account the development of market demand.

A way out of the crisis is unthinkable without an increase in the volume and effectiveness of production. As is known, 70 to 80 percent of success in this endeavor is determined by scientific and technical progress. Therefore, in adopting the program to stabilize the economy of Russia, the RSFSR Supreme Soviet probably should include academic and all other scientific resources in the republic and direct them to search for optimum solutions and define breakthrough directions of technological retrofitting and highly effective conversion.

The renewal of Russia's productive forces should be reinforced by a qualitative development of the socioeconomic, primarily market-based, relations. The majority of economists and practitioners agree now that transition to a market is necessary and useful. World practice is a witness to this. Some adherents and popularizers of the market economy think that a market is the "foundation of democracy," since it involves the exchange of equivalents. However, the market almost always permits losses for those who fall behind and do not sell their goods, and in this respect it is absolutely wasteful. In addition, the market environment—especially in the course of operations with securities—makes possible speculative appropriation of the labor of others, and an increase in social differentiation and tension in society.

According to the specialists, two-thirds of Soviet millionaires have already obtained their wealth illegally. This was possible because a number of all-Union and republic laws pandered to, and still do pander to, this process. As a result, the income differential in Russia has risen sharply, as well as the active participation of shadow capital in the destruction of the economy and in politically destructive actions.

It cannot be denied that an expansion of the market under current conditions—monopolization of production, deficits, unequal economic conditions for competition among both collectives and individuals—will temporarily allow the entrepreneurs to appropriate unpaid labor, which leans toward capitalist economic relations. This no longer brings objections from S. Shatalin, G. Popov, and V. Tikhonov, who in the past aggressively defended the ideals of the new society.

We are convinced that the program for Russia's renewal could include a different strategy and function of market organization, and its ability to accomplish equivalent exchange of goods and to stimulate high labor efficiency to a maximum degree, including in the area of marketing. This is not a reactivation of leveling. There would be a difference in incomes, since there would be different intensity and creativity, but this emerges justly given equal starts and equal economic conditions of labor.

What is needed is a national, inter-republic system of organizing and regulating the market infrastructure, with



increasingly strict orientation toward labor-based market relations. We are talking about more strict correlation between the efforts to move toward market relations and the efforts to maintain the manageability of the economy.

Right now the measures that regulate the market are unreasonably lagging, which is equivalent to preserving speculative tendencies in the environment of market underdevelopment and shortages. Therefore, the Government of Russia should speedily, and to a greater degree, increase taxes on income received as a result of price increases in the monopolistic environment; reduce taxes on profits reinvested into accelerated development of production and scientific and technical progress; for the transition period, tie incentive funds not to the total volume of profit, but only to that part of it that is created as a result of cost reductions.

It would be extremely important to introduce faster, by a decision of the RSFSR Supreme Soviet, a mechanism for individual income declaration, or to be precise, for proving that it is based on labor, including a ban on multiple accounts in savings banks and the introduction of a progressive tax. This will help to substantially equalize the starting conditions for fair competition in entrepreneurial activities.

At this stage, we are against the accelerated process of privatization. This will make it more difficult for the economy to function and will destroy large forms of property, which, world experience shows, in most cases provide the economic conditions for the most effective operation. In our opinion, leasing is more useful for now, while privatization is only possible and will be effective in the service sector, trade, and small business.

We are convinced that the concept of renewing Russia should follow the creation of a legal basis for the truly democratic development of new relations, particularly, the denationalization of property, mainly through the participation of labor collectives in management. As a whole, the market should acquire the nature of operational, labor-based entrepreneurship, which would make a real force that would complement the might of scientific foresight in the social process of economic growth.

#### **Ukrainian Prime Minister on 'Ailing Economy,' Other Issues**

914.40676.1 Kiev RADYANSKA UKRAYINA  
in Ukrainian 10 Apr 91 pp 1-2

[Interview with V. Fokin, chairman of the Council of Ministers of the Ukrainian SSR, by L. Dayen, member of the editorial board and economic commentator of RADYANSKA UKRAYINA, published under the rubric "Timely Interview: The Unretouched Market": "Is There a Way Out of the Labyrinth?"]

[Text] This meeting with the prime minister was postponed several times. And not because he was avoiding the interview that had been arranged. Other genuinely important reasons existed.

Our dynamic, high-speed, contradictory life was continually introducing drastic changes to the extremely strained work schedule of the chairman of the Ukrainian government. Each time there were new trips to the republic's hot spots. One time V.P. Fokin went to meet the miners. Another time it was the Chernobyl nuclear power plant.

Even in Kiev there were constant meetings and exchanges of opinions with people's deputies, organizers of production, scholars, and voters. In between them, in order to conduct this interview, I crossed the threshold of the spacious office of the prime minister just after I.R. Yukhnovskyy, well-known academician and Ukrainian people's deputy, had left it.

It became clear that the questions I had initially prepared were quickly becoming outdated. And I was constantly updating them, so to say, in the course of today's precipitous events.

The mail to our editorial office also prompted me to do this. The readers, concerned by a life that is difficult and turbulent, are writing to the newspaper with alarm about constant breakdowns in the economy. They are asking how they are to survive under the extreme conditions of price reform and shock therapy of the market or, as it seems to some, shock without therapy. Some writers, for instance V. Buryakova from Odessa, are appealing with open letters via the newspaper directly to the head of the government.

All of this influenced my choice of questions for V.P. Fokin. Outside the windows of the seventh floor there was a grand panorama of the capital of the Ukraine: unique architectural structures, animated streams of cars on the wide boulevards of the city, the network of ancient Kievan byways and alleys where the branches of the bare trees are preparing to shoot out the first buds of spring. An echo of the ceaseless pulse of life with its troubles, pains, and problems is felt in the office of the prime minister. It seems as though the gray hair of Vitold Pavlovich has whitened still more. But in his dark eyes there is the lively glint and acute interest of a contemporary of our very difficult times. I thought to myself, here is a complex person. Like all of us.

#### **To Conduct an Independent Policy**

[Dayen] Respected Vitold Pavlovich! First, permit me in the name of the readers of RADYANSKA UKRAYINA, the editorial board, and myself to especially congratulate you, a USSR people's deputy, on your recent election as a Ukrainian SSR people's deputy. Is this victory due to belief in V.P. Fokin himself or in the head of the current Ukrainian government?

[Fokin] Thank you. As for your question, I believe that there are elements of both. I do not pretend to be such a democrat or a coquette. I think that people make up their mind about a person by his answers, his contacts if you wish, the expression of his eyes, and his behavior. As a result, the influence of an individual on people's opinion of him is, of course, enormous.

And, I believe, my position has also played a great role in this matter. Why? People are people. Each person thinks to himself. I think I will vote, for example, for a student or an investigator—there were several candidates—but what will be the result? Let us elect the chairman of the Council of Ministers. He will prove effective.

But the main thing is the support of the public. I have in mind the public so to speak in the direct sense of the word. Not just the party and economic aktiv. I was amazed when Metropolitan Filaret's appeal reached me. It said such warm things about me that I was sincerely touched. The servicemen, the press, and the groups supporting me worked hard in the course of the election campaign. Even though I hardly had anything to do with the support groups.

I will say openly that up to the last day I hesitated: Was it worth throwing myself into the whirlpool of the election struggle? On the other hand, I needed the mandate of a deputy in order to conduct an independent policy and so that I would not be commanded about like a child. I have to be equal with the deputies and have the same status as them. But an election campaign takes much effort and time. As a result, I thought about giving it up. Only on the last day did I say, okay, I will try. Properly speaking, I only had a week for the entire campaign. And the electoral district was one of the most difficult.

[Dayen] Yes, it has a certain reputation. It is where Ivashko was elected at one time. Ivashko later left for Moscow and resigned his powers as deputy of the Ukrainian parliament.

[Fokin] True, the district has a complex reputation. And I would like to take the opportunity today, through the newspaper, to thank my voters for their trust.

### **The Diagnosis: An Ailing Economy**

[Dayen] Now allow us to move on to more difficult questions. You have been heading the government of the Ukraine for four and a half months now. True, you were on vacation for one of those months. Judging by the mail to the editorial board and from personal observations, I know that people are well-disposed toward you. But increasingly often people are heard to ask when there will be action. My question: Does the government already have a concept of action, a concept for stabilizing the economy? And what is the essence of that plan?

[Fokin] That is an entirely legitimate question. They say that actions speak louder than words. People have the right to count on results, not promises. When I delivered

a speech after I was elected to this position and then later in an extended speech on 8 February, I presented my basic principles and views, a future plan for state administration, and a program for solving the crisis. As for that program, it had conceptual appearance. Given conditions of parliamentary liberties when everyone considers himself a specialist in some sector and especially in economics, our deputies deflected any concrete actions at that time. But, thanks to them, we have adopted a general direction. And now, working out a program of special measures to stabilize the economy, we are functioning within the framework of that conceptual basis.

[Dayen] At what is that program directed?

[Fokin] It is not a long-term program. Until recently the market and socialism were considered to be incompatible. Recall the famous expression: Where there is socialism there is no market, and where there is market, there is no socialism. But inasmuch as we have become wiser since then and have stopped considering state institutions the sole organs of management of the national economy and rejecting all other forms of management, and inasmuch as we have changed our view of the world, I can say openly that, yes, we are now building a different society.

I agree with president M. Gorbachev that we have made a socialist choice. But I do not fully understand how it manifests itself. In any case we must create a society where working people live normally. In order to move to the construction of such a society, we must first stabilize the situation in the economy.

[Dayen] Vitold Pavlovich, while preparing for this interview I read through our editorial mail one more time. I think you will be interested to learn what I saw most of all. First, I noticed a clear tendency toward a sharp increase in people's fear of the market. Second, many believe that, as a consequence of poorly thought out economic experiments, in transition to the market our society will end up in a labyrinth to which no one—not the parliament, the government, or the experts—will know the exit. What is your opinion of this conclusion?

[Fokin] Unfortunately, such a reaction by the population is the chief symptom which confirms the only possible diagnosis—the economy of the country is seriously and deathly ill. And we cannot rule out a fatal outcome. I am deeply convinced that all of this is a dialectically inevitable consequence of the inconsistent, unfounded, indecisive policy that has been conducted over recent years. It has been a continuous chain of poorly prepared, casually suggested, completely unbalanced large-scale experiments on the living body of the state. An anesthetic was not even administered.

[Dayen] How did it all begin?

[Fokin] The beginning of our catastrophe was an unbalanced market. Up to 1987 the correlation between the market and pay for labor, although unstable, still

endured somehow. But then a whole series of decrees were adopted which provided a stimulus for the uncontrolled growth of inflation.

Everyone knows that any such experiment is either a pirate's banner or the concrete bunker of a conservative. I believe that you understand the meaning of the allegory. After all, it was under just such banners that they tried to lead us to market relations by means of the dangerous paths of immediate denationalization, unlimited free enterprise, and universal privatization. We also passed by the bunkers of the conservatives. They closed their eyes on reality. They consoled themselves with nostalgic recollections about the past. They told themselves and others that the people would, so to speak, stop raging and set off again down the beaten path.

[Dayen] Was there no clear concept behind this policy?

[Fokin] To be more accurate, both of the necessary components were absent: a scientifically based concept, and a targeted plan of action that is worked out in detail. As a result it was doomed to failure from the start. And the people began to get a feeling of uncertainty about the future and, now, fear. Because of this we find ourselves as of 2 April in the hyperinflationary dead end of the social labyrinth.

#### **Ariadne's Thread and Medicine for Fear and Prices**

[Dayen] Does an Ariadne's thread exist today to lead us out? Does the government see any way out of the abyss of the crisis?

[Fokin] I do not wish to be immodest. But I have grounds to suppose that the government knows the way out of the labyrinth. One proof of this is the program of special measures to stabilize the economy. I expect that by the end of April it will be introduced to the Ukrainian SSR Supreme Soviet for examination. It contains a series of new fundamental provisions. Quite a number of them contradict currently existing legislation. The parliament will have to work to amend the legislative foundations of this program. I am satisfied with it.

[Dayen] Vitold Pavlovich, could you tell us about its essence in more detail?

[Fokin] It is a fairly extensive document. As a result, unfortunately, it cannot be described in detail. Be patient. I believe that at the end of April your readers will be able read it in your newspaper. At present I only have time to touch upon on the main features of this program. Here they are.

The first of these features consists of the fact that we have the intention of not just declaring but also guaranteeing real economic freedom to all enterprises, regardless of the form of ownership.

The second feature. While guaranteeing the equality of rights of all forms of property and stimulating the process of denationalization and privatization, we are, however, firmly in favor of preserving the state sector on

the necessary scale. Moreover, we are in favor of strengthening it. The necessary preconditions for this will be created. We are also in favor of having collective forms of property ownership prevail in industry.

And the third feature is the principle of equal starting opportunities and social justice. We must stimulate the most active, enterprising, aggressive portion of society to develop production. And we must provide the most socially vulnerable portion with support and help. This will be an effective medicine for fear of the market.

I repeat that the main thing is realistic activity. In order to normalize our life we need to bring the total gross output of the republic from 440 billion rubles [R] to R518 billion. And we must increase the national income by R31 billion. Of course disturbances and strikes do not contribute to this. According to our calculations, the strike movement of the miners has set our society back by at least a year on the road to a normal life.

[Dayen] You just now spoke well about medicine for the population against fear of the market. But society is agitated and literally confused by the reform of retail prices. Its influence on people is equivalent to that of stress and shock. On one hand there is a wild increase in prices without adequate compensation. On the other there is a vacuum of goods and empty shelves. Readers are asking when goods will appear in stores. How long will it be?

[Fokin] And why should there be a miracle? Have we begun to work better? Have we manufactured more goods? Of course not. But I believe that the situation in the consumer market will nonetheless improve in coming days. As for when exactly this will happen, that depends on the effectiveness and competence of the trade organizations.

[Dayen] What are your grounds for this opinion?

[Fokin] To begin with, as soon as goods appear demand will weaken somewhat among that part of the population which has been accumulating food to be on the safe side. Those are our calculations. Over two-thirds of the population can live for up to three months without outside assistance, in a manner of speaking. Almost without using the stores. Wherever such families exist there is a significant quantity of sugar, flour, cereal, butter, and oil stored up. And lately even dried bread.

Furthermore, the monthly purchasing power of the population, taking into consideration all forms of outlays for compensation, has increased by a factor of approximately 1.5. And the cost of goods has increased by a factor of 1.8. In other words, in monetary terms the stock of goods has increased in price by R2 billion. And in order to purchase the goods, it will be necessary to either get money from under the mattress or withdraw it from one's savings account.

All of this creates a chance for stabilization of the consumer market. But only a chance. Because for the

market to truly be replenished with goods, we need to end the idle chatter and the strikes and all begin to work. This is the only path by which we can leave the labyrinth.

### **Better To Roll Up One's Sleeves Than To Tighten One's Belt**

[Dayen] Vitold Pavlovich, I do not wish to touch upon the already tiresome subject of coupons. Especially because, according to rumor, they are beginning to outlive their usefulness. But the editorial board has received many letters about Operation "Coupon." Many readers believe that it has failed. What is your view of this situation?

[Fokin] Unfortunately, I cannot confirm that the coupons will soon die off. I wish to respond to the authors of your letters that they have made an understandable error. As proof I offer the following graphic example. Imagine a railroad car where, for example, 240 tickets have been sold for 60 seats. What confusion! Each stubbornly takes a seat. But there are four people in every seat.

The disorder on the consumer market is just the same. Because people have three or four times more money for purchasing available goods than there are commodity resources. As a result everything is swept clean. And often the things they buy are not what they genuinely need but simply whatever can be purchased. It has reached the point of absurdity. People have been snapping up embroidery frames or mailboxes by the dozens. The coupons were issued in order to bring each "passenger" back to his senses to some degree. They limit the activity of the money that is not backed by goods.

[Dayen] Forgive me, but several months worth of coupons have accumulated on people's hands inasmuch as they are not backed by goods either.

[Fokin] That is an interesting question. I will answer, and I ask that you put it in the newspaper. A few days ago I had an argument with a certain scholar. He expressed himself this way: "What sense do these coupons have when they do not buy anything? I have accumulated coupons worth R1,500." And I said, "And I never have enough coupons. Even though I am the chairman of the Council of Ministers." Do you know how it ended? Well, we are friends. And when I was getting ready to leave, he said, "Vitold Pavlovich, do not be offended by my offer—I have 100 coupons here. May I give them to you?" I answered, "Thank you. With pleasure." I took those 100 coupons of his, and my wife was quite delighted.

By the way, I asked my friend the scholar, "Where do you do your shopping and what do you live on?" He said, "I buy everything on the market." I said, "You, my good friend, must have about R2,000." "No," he objected, "a little less than that." At this point another person who was present interjected, "How do you do it? We would

have perished long ago without the coupons. Because I buy meat in the stores." And they began arguing. There you have it.

It is useful to make comparisons. If we were worse off than any other republic, even one, I could understand the complaints. But everyone knows that all the republics are experiencing enormous losses from inflation. Instead of the planned emission of R680 million the Ukraine, the only republic in the Soviet Union, withdrew over R1 billion from circulation during November-December.

[Dayen] This is to say that it made a step toward putting monetary circulation in order?

[Fokin] Yes. Let me tell you about an interesting event. A few days ago I was with the metallurgists at the factory imeni Dzerzhinskiy. There one woman asked, "What are these coupons for? When will they be abolished?" And she was supported by several others. So I launched a frontal attack: "Good. Let me ask you some questions, comrade. What happens if we abolish the coupons?" Silence fell instantaneously. There was a minute of thought. I continued, "If we abolish the coupons, will there be more goods? No, on the contrary, there will be less. Because then everyone will buy them up." They said to me that a ton of butter is going out of Borispol every day. I know, I said, but if there were no coupons they would be taking out 100 tons each day. Is that better? So the coupons, although they are awkward, are a means of preserving some sort of domestic market.

[Dayen] How much longer will the coupons exist?

[Fokin] Several months, I believe.

[Dayen] Vitold Pavlovich, could the coupons be considered a prototype for a Ukrainian currency which would shelter our consumer market? They say that issuing it would be expensive—somewhere close to 500,000 foreign currency rubles. But has anyone calculated how much we are losing because we do not have our own currency?

[Fokin] The coupons are not a prototype for a Ukrainian currency. At times we exaggerate the significance of the problem of our currency. Even though I myself have said more than once that if there were a Ukrainian currency it would be simpler to restore our economy and protect the interests of the workers. But it is true that it would cost R500,000. In addition, it would require a minimum of three to four years. One experienced West German company gave us the following conditions: If we place the order today, the first bank notes could be printed no sooner than two years from now. And to print the entire quantity that we need would require four years.

[Dayen] But do we wish to place such an order with a West German, British, or other company?

[Fokin] We are keeping that issue on the agenda. But while we await our own currency we will not survive unless we act ourselves. In order for goods to appear and



for life to return to normal—and I do not mean a prosperous life but one that is proper for a person—we need to work. The interval for the implementation of our program to stabilize the economy should begin once the strikes and constant rallies end. It will be when people realize that it is better to roll up one's sleeves than to tighten one's belt.

### The Model for the Cabinet of Ministers

[Dayen] Vitold Pavlovich, these days many people are talking and writing about the paralysis of power and about the fact that the laws do not work. What will be done to reorganize the higher executive of the republic? How will the new structure look? How will it be different from V.S. Pavlov's Cabinet of Ministers?

[Fokin] An important question. The point is that seeing the way out of the crisis is not by itself a guarantee that we will succeed in overcoming the economic Minotaur. This is to say that we cannot allow the complete disintegration of the economic system while changing it from an administrative command system to a market system. For this we need a fundamental reorganization of the entire executive authority. To put it simply, we must make it adequate for the demands of the market. Our model for state administration, in contrast with the Union model, will also be adapted to a market economy.

I believe that we have managed to integrate two principles that are irreconcilable at first glance. First, we have managed to ensure a sufficient degree of stability of the organizational structures of the cabinet itself. Because without that it is impossible to count on conducting an effective long-term socioeconomic policy. And, second, we have managed to achieve fairly great flexibility in the remaining structures of the organs of state administration. That is especially important. After all, they themselves, with the development of market relations, will change qualitatively. In the future they will be transformed into new structures.

When we were determining the structure of the cabinet we rejected the sector approach. As a matter of fact, there will almost be no sector ministries in it.

In my opinion, the cabinet which V. Pavlov is creating reflects the past. The former centralism and sectoral direction has been preserved there. And when there are sectoral ministries, there is administrative influence on production. There is nothing new in such a system. Except for the administrators. In other words there is simply a change of personnel underway. But that does not change the essence of it.

Our structure, concerning which I will give a report on 15 April at a meeting of the Ukrainian SSR Supreme Soviet Presidium, envisages a fundamentally new approach which has never existed in the country. We are trying to give enterprises full economic independence. If there is no ministry, you will not have to answer to anyone's plan. You must yourself be responsible for your production activities and the financial condition of the

enterprise. You will only have to answer to economics and life itself. As a result, if you wish to live you must be able to keep busy.

[Dayen] How will the cabinet be refashioned structurally?

[Fokin] As I have already said, it will not include a single sectoral minister. There will only be function-related ministers. The institution of deputy chairmen of the Council of Ministers is being abolished.

[Dayen] They will not exist at all?

[Fokin] For the time being my proposals are only a draft. And your readers should understand these thoughts as one of the possible alternatives. Thus, my opinion is that there should be a prime minister, a first vice prime minister, and simply a vice prime minister. Presently there are eight deputy chairmen. And each is responsible for a certain sector. One for heavy industry. A second for light industry. A third for agriculture. A fourth for trade. A fifth for construction, etc. But only the head of the government is responsible for everything together. Even when I am on vacation I am formally replaced by one of the deputies, but in essence I am replaced by no one. Because each has his own limited sector. And I want the first vice prime minister to be free of the need to care for a specific sector. He will act as understudy for the prime minister.

After that there will be state ministers. But without the uniforms of sectors. There will be a person who is responsible, for example, for the economy. Another will be responsible for investment policy. A third—for special events and emergency situations...

[Dayen] What will the status of the state ministers be?

[Fokin] It will resemble the status of the current deputy chairmen of the Council of Ministers. After all, their word must be obligatory for any ministry or department. But only within the sphere of their authority. Imagine, for example, a state minister for state property and fighting monopolism. His influence extends over literally all the ministries and departments. This is an absolutely new structure.

I must emphasize this. The new structure of the cabinet of ministers of the republic will be simultaneously an important component of the program of special measures concerning stabilization of the economy that we have worked out as well as a condition for its successful implementation.

### So We Do Not Hear the Thunder of Famine

[Dayen] Many of the letters received by the editorial board complain that the local soviets, especially the rural soviets, and the leaders of the kolkhozes [collective farms] and sovkhozes [state farms] are erecting obstacles on the path to a solution to the food crisis. As head of the government of the republic, what is your position on this issue?

[Fokin] I fully agree that all these officials can and moreover must do everything possible to contribute to a solution to today's food crisis—to call the problem by its true name. Furthermore, they should not wait from instructions from above. Now, after the well-known appeal by the president of the country on this subject, it is up to the local organs, as they say. Our chance for salvation lies in having the work force of the republic and the healthy forces of the nourishing land begin to function immediately. The uncommonness of the situation clearly calls for uncommon measures.

[Dayen] What kind of measures?

[Fokin] First and foremost we must immediately increase the dimensions of the personal plots of the villagers. This is their long-standing dream. We must take the wishes of the people into consideration here. Furthermore, all city dwellers who wish without exception should be allotted plots for cultivating potatoes and vegetables. All these issues, with the proper legislation, are under the jurisdiction of the rural soviets.

It is time to move quickly from talk to action. Five years have been wasted on talk about strengthening rural subsidiary plots. And as a result of our "titanic" efforts, the area of agricultural land used by the rural population has increased from 2.35 million hectares to... 2.48 million. You will agree that this is not even a drop in the bucket. Must we really wait until we hear the thunder of famine—and one can already see the distant flashes—for the rural soviets and the leaders of the farms to finally come around?

[Dayen] It is well known that an enormous quantity of vegetables and potatoes rotted last year because they were not harvested on time. What conclusion have the farms drawn?

[Fokin] In the fight against waste they have not found any better answer than to resort to the "wise" measure of planning to curtail the area of land under cultivation. And consequently... of reducing the volume of purchases the state makes from them. And this is happening in all oblasts.

The farms should be doing the very opposite. They should not reduce the area under cultivation but conclude urgent contracts with enterprises, urban residents, and all who will agree to tend and harvest vegetables and fruits. The conditions should be mutually profitable and as simple as possible. For example, half to you and half to the farm.

There is one more acute problem. The number of livestock in the republic is decreasing catastrophically. Because of a lack of fodder the underweight and young cattle are going to slaughter. And at the fattening complexes, of which we have quite a number, these process have taken on the character of a natural disaster. It may be worth taking advantage of the forgotten experience of

the postwar years and raising young cattle and poultry for free—I emphasize that point—on the yards in the villages.

[Dayen] Under what conditions?

[Fokin] That is worked out in the contracts: One mature head of cattle remains with the villager and the second is sold to the farm at state prices. It seems to me that no one can question the economic expedience of this.

### **Do Not Count the Money in Someone Else's Pocket**

[Dayen] It is well known, Vitold Pavlovich, that you worked for many years in the coal industry and know the life of the miners intimately. I have had the opportunity to witness how even in a tense, extreme situation you have found a common language with the miner. And now we have strikes again. What is your prediction for the development of the strike actions, which threaten to set off a chain reaction leading to the disintegration of the national economy? (This interview took place at the completion of V. Pavlov's talk in Moscow with representatives of mining collectives.—Editor).

[Fokin] It is impossible to predict even the results of a soccer match, even though only 11 players take part in it. I simply wish to express hope: The miners must realize that they are undermining the foundations of our society with their strikes. Among the leaders of the strike movement there are people who are trying to accuse me of practically instigating and provoking the strikes. By way of categorically rebuffing these accusations, I wish to say that I was entirely honest with the miners.

On 26 January, the first day of our meeting—and I had to break off my vacation to go there—I resolved on the spot everything that depended on me, everything that it was possible to solve, especially the question of the calculation of prices, etc. I say that the miner must receive two or perhaps even two and a half times more pay than the average salary across the country. I am in agreement with such a ratio. But it should not be forgotten that any salary must be earned. And over the last two years the miners have reduced the level of output of coal by 18 million tons.

[Dayen] What is the average salary of a miner today—R500?

[Fokin] I will put it this way. The settlement prices that we just approved permit us, if output is maintained, to guarantee the miner, that is to say the industrial laborer, an average wage of R500. Please realize that it is not a question of restoring the level of output that has been lost but of its stabilization.

[Dayen] What about the laborers who work the mine-shafts?

[Fokin] As for the underground workers and the coal-cutters, it is a minimum of R700-800. And on the steep seams it is R1,000.

[Dayen] But the miners will in time see that workers in cooperatives rake in R1,000-1,200 and more each without any special efforts and without risking their lives.

[Fokin] There is an old saying: The worst thing to do is count the money in someone else's pocket. To be honest, I am quite skeptical about the activities of rich cooperatives. I believe that the right to exist belongs first and foremost to manufacturing cooperatives which produce something or offer services. We need to support them in every way.

There is one other argument. If we envy the workers in the cooperative, who is keeping me, for example, from leaving the post of prime minister or you your work as a journalist? No one is prohibited from joining a cooperative. Do as you please. In an argument with one miner I even said, "If it is so intolerable for you to work in the mines, who is stopping you—go work in the village." He then accused me of favoring the villagers. I proposed a wager: Go to the countryside and work for three months, but in a wage-earning profession—as a machine operator or a overseer for mechanized milking. If you last three months, I will give you my wages as prime minister. If you do not last, you give me yours. He said that he gets R350. I corrected him: He receives R1,000.

Unfortunately, today the miners mine less coal than in 1954. At a meeting with the general directors of the coal associations one of them demanded that the wages be increased and that the plan... be decreased. That is a new approach...

#### **Sovereignty Is a Hindrance to the 'Mother'**

[Dayen] Vitold Pavlovich, based on the Declaration on the Sovereignty of the Ukraine, our republic, as everyone knows, has worked hard to establish and development horizontal economic ties with other republics. Why are they not working? The ties are collapsing. When will a real mechanism for their operation be worked out?

[Fokin] I absolutely do not share that point of view. Because if that were the case, we would all be unemployed now. I must say that the conclusion of intergovernmental agreements at the level of the Union republics was preceded by a very cunning position on the part of the center. At that level they have tried to act like a mother who abandons a capricious child: "If you do not want to walk with mama, then go by yourself." And she pretends to quickly walk away. But she keeps an eye on him on the sly.

Our comrades from USSR Gosplan [State Planning Committee] and USSR Gossnab [State Committee for Material and Technical Supply] have decided to work out something of the sort with us: Now that you are sovereign republics and are against centralized distribution, conclude the agreements yourselves. And in confusion we indeed waited for "mother" to suddenly come back. But this time it was different. She hid herself behind a bush and did not appear. Well, at first the child

became somewhat confused, but then he took hold of himself. Please understand, I am not talking about events connected with me personally. But the second or third day after I arrived in this office I listened to the report of A. Minchenko, chairman of the republic-level Gossnab, and the hair on my head stood on end. Approximately 40 percent of interrepublic agreements have been concluded.

[Dayen] That was last November?

[Fokin] Yes. We consulted with the Supreme Soviet here and the Ukrainian Communist Party Central Committee and decided to act according to the proverb, God helps those who help themselves. We immediately got in contact with all the republics and prepared economic agreements. That took a month or six weeks of my time. But at the beginning of the year we had concluded 85 percent of the contracts. Otherwise we simply would not be working now.

On the other hand, like you I believe that these agreements are not achieving full results. I have to say that for the most part it is our fault. Our partners have turned out to be punctual, orderly, and to the letter. However, during January we did not make deliveries to a single republic. More accurately, we delivered what was stipulated by the economic ties of enterprises. But delivery of production planned at the level of the interrepublic agreements was not fulfilled. In this situation how do we have the right to say that our neighbors are letting us down? Even over the last two to two and a half months we sent other republics 77 percent of the meat, 80 percent of the sugar, 11 percent of the margarine, and two percent of the eggs. In other words, there was a boycott. Now we are working harder. Over this first quarter these indicators rose.

#### **He Who Does Not Take the Risk Does Not Drink the Champagne**

[Dayen] Recently I had the opportunity to interview L. Kuchma, general director of the association Pivdenny Mashynobudivnyy Zavod [Southern Machine-Building Factory] and Ukrainian SSR people's deputy. Our newspaper published an article about it entitled: "Rockets and Umbrellas." In it Leonid Danilovich states that the Ukraine needs a comprehensive governmental program for conversion of the enterprises of the defense sector. What is your opinion?

[Fokin] I agree completely with L. Kuchma. The program of special measures which I mentioned, names, in particular, 39 large enterprises which have to be restructured for the manufacture of consumer goods.

[Dayen] There is no place in today's world for a closed economy. In conjunction with this, how is the economy of the Ukraine integrating itself into the world economy? What are the perspectives for the development of joint enterprises?

[Fokin] Recently in an article I found a very interesting observation by European experts. Conducting an examination of the economy of the Union, they stated that presently only the Ukraine, Belorussia, and Kazakhstan have a level that is close to optimal for the possibility of collaboration with the West. The state of our foreign ties and contacts presents grounds to believe that they will bring results in the near future.

But I would like to note something. Of the numerous companies that are demonstrating interest in us, few are truly solid and wealthy. Because the latter do not want to take the risk. They require guarantees from the government of the republic. Naturally we cannot give them. On such occasions I always say, "Gentlemen, he who does not take the risk does not drink the champagne." The Ukraine has existed and it will continue to exist. Political instability is transitory. We need to collaborate.

[Dayen] At the beginning of February you made a special trip to Chernobyl and Slavutich. I remember how they pressed you about the need to decommission power units 1, 2, and 3 by 1995. But the Ministry of Atomic Energy and Industry is doing everything in its power to continue use of the station. Who will win: The center or a sovereign Ukraine?

[Fokin] Perhaps it would be in my interests to agree with your appraisal of my position. At the risk of injuring myself, I will say that I carry out only the will of the Ukrainian parliament. It has adopted just such a ruling. And for the executive that is the law. But I think that it is not worth rejecting the opinions of the energy specialists so hastily. There is time. We need to look around, think about it, and weigh the matter. Closed down means closed down. But a paradoxical situation may arise. Now that the security and safety of the nuclear power plant exceed European levels—and that was at an enormous cost—to take it and close it down? I do not know how economical that is.

Remember, when we were in Slavutich I gave instructions to the ministers present that they were to report monthly on the course of work to build the town.

[Dayen] Yes, I remember that you gave such a commission, particularly to V. Plitin, minister of construction.

[Fokin] Here is his account. He has completely satisfied me. Look, the plan has been fulfilled for all the facilities—the hospital, the factory for semifinished goods, and the housing. Construction and assembly work worth R454,000 was completed in March with R415,000 targeted. In April these indices will be doubled. Volodimir Nikiforovich sets a good example. That is getting the work done!

#### The Heavy Hat of the Prime Minister

[Dayen] Forgive me, Vitold Pavlovich, but are you an optimist or a pessimist? The "500 Days" program has failed in Russia. When will concrete changes for the

better begin in the Ukraine? Do you believe in them—as the head of the government and as a person?

[Fokin] You, I am sure, have heard the saying that an optimist is a poorly informed pessimist. All my life I have tried to remain a realist. If it is a question of nuances, I am probably an optimist. But my optimism must be founded on reality.

When will things get better? When we begin to work better. It is a joke. We need to produce R31 billion in national income more than we are producing. One can only consume what one has made. As previously, we are fighting with each other within the sphere of distribution procedures. And in the process we lose any intelligence and common sense we have and we are ready to jostle one another with our elbows and our feet as well, and to put our teeth and nails into action if only to tear something away from someone.

Unfortunately, the unhealthy phenomenon of trying to satisfy one's own egoistic interests at others' expense has appeared in society. Strikes belong to this category.

[Dayen] I have a delicate question on a personal level. When you were still chairman of Gosplan, you told me about your love for literature, art, music, and, during vacations, hunting in the southern regions. Does your new position allow you time for these distractions?

[Fokin] I do not even have a hope that I will be able to return to them sometime. The times are so tense now that I must work, without exaggeration, 14, 15, and 16 hours per day. The only thing I do, for the sake of which I try to find one and a half or two hours per day, is tennis.

[Dayen] And what do you dream of, Vitold Pavlovich?

[Fokin] I dream (he smiles) of a good night's sleep.

[Dayen] I had the opportunity to witness the session of the Supreme Soviet when elections for the chairman of the Council of Ministers took place, and I saw the alternatives. At one point you rejected an offer to become head of the government. The hat of the prime minister is a heavy one. Do you regret it, Vitold Pavlovich?

[Fokin] (Silence fell—some 15 seconds passed—a long pause. Finally he spoke.) I wish to be frank, and it is difficult to be frank. No, most likely I do not regret it. But I am very much afraid that circumstances out of my control will obstruct implementation of the program that I see and feel. It seems to me that I clearly know the path we must travel and the means for achieving the goal. I am counting on the support of sensible people. Of most of them in any case.

Although—and this is no longer for the interview, though perhaps it should be—it is a paradox, but the blame for an enormous waste of my intellectual potential and time belongs to the deputies and officials of various



ranks. They occasionally turn to me not with important problems but with questions that other officials can and should solve for them.

Here are yesterday's letters. Take this one, for example. Two chairman of standing commissions of the Supreme Soviet are writing. We, they report, are living in the Kiyiv hotel. Some woman came to us with the complaint that the director of the hotel has insulted her and that glasnost has been suppressed in the collective. Therefore we urgently request that you immediately investigate the conflict, personally make a decision, and inform us of the measures you apply. And here another deputy gives an "assignment" to the chairman of the Council of Ministers to provide a sovkhos with pipes of a certain length and diameter.

And, Mr. Prime Minister, carry out all these "assignments" and report to everyone. Is this how they function in a civilized country?

[Dayen] Vitold Pavlovich, I do not want to end this interview on a negative or bitter note. I truly wish to believe that reason, professionalism, and goodness will win. I wish you success in your very difficult pursuits. Thank you for the interview.

#### **Alternative Program for Ukraine's Transition to Market Economy**

914A0580A Kiev *EKONOMIKA SOVETSKOY UKRAINY* in Russian No 2, Feb 91 pp 12-26

[Article by V. Lanovoy, candidate of economic sciences: "Program for the Ukraine's Transition to the Market (Alternative Version)"—first paragraph is *EKONOMIKA SOVETSKOY UKRAINY* introduction]

[Text] The article contains positions which constitute an alternative to the program for the transition to the market approved by the UkSSR Supreme Soviet. In the opinion of the journal's editorial collegium, its publication will add to the methods available for radical reform of the republic's economy.

Shaping a market economy in the Ukraine has its own specific features, which are determined by its position in the international division of labor, by the structure and technical condition of the economic complex, by the economic potential of regions, and by the regional proportions in reproduction.

The program for the transition to the market approved by the UkSSR Supreme Soviet on 1 November 1990 does not take these particularities into account. It also skirts the problems of the purchasing power of the monetary unit, backing it up in foreign exchange, and finding the optimum mix of government and market regulators in influencing the economy. Initiation of the reforms is being unjustifiably bound up with withdrawing cash from circulation (including the use of coupons), which torpedoes the most effective methods of denationalization of property and modernization of the

economic structure. No provision is made for abolishing directive forms of distribution and exchange as a first order of business, nor for creation of mechanisms to restore to the state financial system the ability to make payments in domestic and foreign transactions. As a consequence, economic freedom could turn into a deepening of the structural and monetary crises, expansion of the hotbeds of monopolistic appropriation, and a slide toward poverty and demoralization of the population.

In a straightforward program, the transition to the market is possible in this sequence:

- first stage—democratization and demonopolization of the economy (1991)—reestablishment of the commodity character of production, demonopolization of the spheres of distribution, exchange, and production, and the dismantling of economic and financial monsters as enterprises and organizations are transformed into independent commodity producers; and at the same time—elimination of the excessive money supply and restoration of the health of the financial and budget system; and commencement of privatization of property and structural transformation of the economy;
- second stage—establishment of the structures of the market economy (1991—early 1992)—restructuring of the price system, tax system, budget system, credit system, and note-issuing system; reform of state administration and formation of the market infrastructure; adoption of a special mechanism for the stability and soundness of the national monetary unit; creation of anti-inflation and antitrust mechanisms and coverage of the social guarantees of the population;
- third stage—institution of market regulators (1993—early 1994)—deregulation of prices, interest rates on credit, prices of stock, the exchange rate of the currency, and wage rates in enterprises in all the social service sectors of the economy; reduction of legal requirements for bank reserves, taxes, and customs duties; achievement of full domestic and multilateral external (after completion of the stage) convertibility of the currency.

#### **Establishment of the National Market**

The national market of the Ukraine constitutes a space for free movement of goods, investments, money, and manpower in which natural integration of local and regional markets occurs and equivalent, equal, and mutually advantageous relations of market entities are guaranteed in external trade.

The entities on the national market possess the rights of ownership to the means of production and to their products; they are free to choose their investment policy, price policy, and financial policy, they are guided by legislation on the registration and liquidation of enterprises, pricing, taxation, credit financing, foreign exchange transaction, and the handling of settlements and payments.

The domestic market is organized through the following: the Ukrainian Regional Development Bank, a joint stock company whose founders are oblast, city, and rayon soviets of people's deputies; contractual relations between local soviets and the UkSSR Supreme Soviet concerning conditions for the registration and operation of state enterprises, for identification of the items of municipal property, for assigning state and local orders to enterprises, on the principles governing the exporting of goods from regions, the setting of prices on them and shipping charges, and also establishment of the turnover tax and excise taxes. An agreement is also concluded between local soviets and the Supreme Soviet on bringing natural resources and wealth (depending on significance) under the jurisdiction of the respective soviets, and also on conditions for the collection and distribution of payments for the use and extraction of natural resources.

The national market is regulated by putting into circulation our own monetary unit, through controlled issuing of bank notes, and through the finance-and-budget system, tax system, credit system, foreign exchange system, and tariff system, which function autonomously.

The national market interacts with external markets within the framework of intergovernmental agreements on the following: total volumes of imports and exports of products through the conduct of direct contractual relations among enterprises; property owned jointly with other countries, and jointly financed scientific-technical programs, investment programs, social welfare programs, and defense programs. The state regulates external trade through taxes and tariffs, the exchange rate of the currency, while licensing the exporting of a limited list of goods and services, through limits on the foreign exchange credit financing of its own and foreign economic entities, and through legislation on foreign investments.

#### **Democratization and Demonopolization of the Economy**

Deregulation of enterprises in the spheres of production and distribution is envisaged. Enterprises and organizations are granted the right to independently choose suppliers and consumers of their products, conclude contracts with organizations for supply, trade, procurements, transportation, capital construction, science, and credit financing, which have acquired the status of independent, cost-accounting (*khozraschetnyye*), commercial organizations. The limit-allowances on materials supply, credit, and manpower are removed, the planning of production is no longer coercive, and the state order is no longer mandatory. The state banks and circulation of credit are put on a commercial basis.

The state leases or contracts out the property of its enterprises oriented toward activity in the market sector of the economy, land, and other means of production, or it turns their full economic management over to work collectives with a view to their purchasing it, for which

payment may be deferred, or with a view to transformation into joint stock ownership. Monitoring (main administrations, associations, administrations, trusts, agroindustrial committees, etc.) and functional superstructures (trade, supply, the banking system) at the sector level are abolished.

The state enterprises of union ministries reregister with Ukrainian government agencies, and their attributes (bylaws, stamp, names, subordination, etc.) are changed. Legal and economic opportunities are created for establishment and operation of parallel enterprises representing different forms of ownership.

Artificially (administratively) created economic associations (trusts, NPO's [scientific-production associations], agricultural associations, scientific-technical complexes, specialized banks, state concerns, trade associations, etc.), whose economic units have lost the opportunity to participate freely in commodity-money exchange, are broken up. Technologically separate enterprises are granted the right to withdraw from interestablishment administrative structures and to form voluntary and economically profitable economic associations by contract. Independently operating subsidiaries and subdivisions of enterprises acquire the status of cost-accounting enterprises with the rights of a juridical person and a separate balance sheet.

Economic ties imposed on producers which were not based on economic advantages of the parties are reviewed. To that end, there must be a reduction of the state order assigned to enterprises by an average of 30-40 percent, and it should be used only to furnish material resources for the social sphere, the needs of defense, to fill out state reserves, and to meet the state's export obligations.

The revision of the economic ties of commodity producers is the basis for setting in motion the boundaries of one-sided regional division of labor and for beginning to overcome the single specialization forced upon regional economies. There will be an expansion of the sectoral spectrum of regional economies, the structural proportions will change among their sectors and branches, there will be a larger share of those sectors and production groupings that are most economically profitable, most occupationally familiar, and most environmentally safe for the particular regions.

#### **Liberation and Soaking Up the Excess Money Supply**

Equalizing disproportions in the circulation of money and improving the situation on the consumer market are key elements in general economic recovery. They can be achieved in practice if the republic has its own monetary unit convertible to the means of payment of the union-wide market.

In the process of introducing the new currency, the republic's parliament and government would see to it that its share in the foreign exchange reserves of the USSR is identified. Should the foreign exchange

resources not be set aside in good time, special foreign exchange and export-import regimes would be put in place to ensure that foreign exchange reserves are built up in the republic's bank deposits abroad.

The "Ukrainian" national paper currency must be introduced without infringing upon the property rights of any economic entities operating on the territory of the republic, its population, and persons residing on its territory temporarily. That is why the entire money stock of these juridical and natural persons held in accounts, savings, cash, and credit transfers would be exchanged for the new currency. The exchange must be made at the current exchange rate of the ruble against all types of funds submitted for exchange, without discrimination on social, ethnic, economic, or other grounds.

Before the money used in credit transfers is exchanged, the bank accounts of enterprises and organizations would be audited by the personnel of the respective banks. The giro accounts, current accounts, and subaccounts of enterprises and organizations would be subject to a restriction (one-time reduction) according to the results of the audit. Overdue indebtedness on bank loans would not be subject to exchange—the indebtedness is extended, and the debt must be repaid and interest paid that would be higher and would increase progressively as time passes. Within the total amount of working capital, that share of the liquid assets of enterprises corresponding to the share of above-allowance physical inventories not covered by credit would be subject to exchange. This will force enterprises to sell all surplus property, pay off their debts, and speed up financial turnover. They might be given two months to correct their financial condition; during that time, enterprises would also be able to use ruble accounts. During that same period, above-allowance working capital of banks and other credit institutions would also be subject to confiscation and elimination.

Expanding the range of physical property that could be sold to individuals is taken for granted as the principal means of eliminating the excessive money supply in the form of cash. That property should include the following: all merchandise and supplies of enterprises not included in the state order and business contracts; state-owned trucks and automobiles; the stock of state enterprises, which would be sold to the work collective, to retired people who had worked in the enterprise, and later to other individuals as well; unfinished construction projects, uninstalled equipment, and stocks of building materials; nonmilitary property of military chasti made available as a consequence of conversion of the army and navy; the leasing and purchasing of land for economic and noneconomic possession, use, and disposition; unused buildings, installations, and other property for municipal and social services, and also the property of public, trade union, and other organizations made available; supplemental paid services to the public (municipal services, medical services, special education); and most of the new housing stock that is built.

The second most important method is to borrow from the public and attract money into savings. Interest rates on deposits in savings banks have to be raised (to 12-18 percent) and differentiated according to the length of the deposit. At the same time, interest rates on bank credits and commercial credits need to be brought into line with the rate paid on deposits (up to 15-20 percent) so as to restrict the credit financing of cash transactions and to guarantee that the bank turns a profit.

State loans from individuals and economic entities must be earmarked (for development of the production of a particular group of commodities, for construction of social service facilities, for environmental programs) to guarantee that expenditure of the funds is monitored and so as not to allow the deficit in the state budget to be covered with nameless funds. The rate of interest on the state loans must also exceed the rate of inflation in society. Later, the state loans must be essentially reduced and mainly replaced by the efforts of state savings institutions.

Maximum use needs to be made of current possibilities for increasing production and sales of consumer goods on the domestic market, and a set of specific interrelated incentives should be directed to that end (price incentives, tax incentives, credit incentives, and incentives in the remuneration of labor and distribution of profit) so as to improve the supply of raw materials to the relevant enterprises and to increase the volume of goods they produce and sell on the domestic market.

#### **Recovery of the Financial-Budget System and Repayment of the State Debt**

Recovery (restoration to health) of the state's financial system is aimed at eliminating the deficit in its budget and in the balance of payments for external economic activity and to repay state domestic and foreign debts.

The first step is to mobilize all revenues formed on the territory of the republic into its state budget. The issue is settled of redistribution as a revenue of the UkSSR state budget of remnants of centralized financial funds of union ministries and departments as of the end of 1990 in the proportion that corresponds to contributions to those funds from the profit and depreciation of nationalized enterprises located on the territory of the republic. The centralized funds of republic ministries become a revenue of the budget.

All capital investment programs financed from the republic budget in 1991 are audited in order to reduce budget expenditures. Construction is halted on production projects to be turned over for operation after 1991 unless they have priority importance to developing the production of goods for the public, housing, and the social sphere.

New project plans would no longer be examined and investment programs outlined would no longer be performed unless they are aimed at structural changes in the economy. The granting of subsidies in any form to losing

enterprises in sectors of the economy which on the whole are profitable would be terminated, as would the financing of construction of all production projects on which the allowed construction time has been exceeded. Measures would be performed on a priority basis for the purchase or leasing of losing enterprises and frozen construction projects by nonstate enterprises, organizations, collectives, and private individuals. These measures need to reduce by 30-40 percent the expenditures from the budget to finance the economy. Capital investments to develop the social and cultural service sphere would be cut back (an average of five percent), above all by freezing construction plans and projects that would be activated after 1992.

A determination would be made of the minimum necessary expenditures to maintain the republic's armed forces and to purchase new arms. A program would be carried out to reduce the number of military personnel and armament facilities. The republic would take part in distributing and monitoring the expenditure of resources from the union fund for financing unionwide military facilities. As much as 20 percent of the resources saved by cutting back expenditures of the republic defense budget would go for construction of housing and other social needs of military personnel.

If the actions described do not free the UkSSR state budget of a deficit or reduce the deficit below three percent of the republic's national income, then the possibility would be examined of reducing current expenditures to finance the social sphere, including outlays to increase benefits and pensions and for health care and education. The total deficit of the Ukraine's state budget would be distributed between republic and local budgets in the ratio of approximately 7:3.

Funds from the sale of surplus property of state enterprises, from the sale of other supplies for production purposes to individuals, from the purchase of state enterprises by natural and juridical persons, and from the sale of the property of the army and navy (excluding weapons) to enterprises and individuals would be accumulated in order to pay off the domestic state debt. The costs of servicing the state debt would be charged to the republic budget.

The size of the republic's domestic state debt is arrived at by totaling for past years the difference between the amount of the republic's surplus product drained off into the union budget and the size of appropriations to the Ukraine from the union budget. The sum of the domestic debt of the USSR undistributed among the republics would be partially repaid by proportional deductions of the union republics from the size of their annual national income.

It is above all necessary to accumulate foreign exchange receipts on the territory of the republic in order to extinguish UkSSR's external debt. The foreign debt must be repaid through deductions from the republic's Foreign Exchange Fund made at the rate set forth in

legislation. That fund is formed by tax collections on income in foreign currency of natural and juridical persons, customs duties, and also a portion of the profit from holding auctions of foreign exchange.

The size of the Ukraine's external debt can be defined as the total difference between foreign exchange receipts from exports of goods and services of the republic's enterprises and the appropriations in foreign exchange from the USSR budget to purchase goods and services imported into the republic. The sum of the external debt of the Union of SSR undistributed among the republics would be partially repaid by proportional deductions of the union republics from the amounts of their annual proceeds from exports.

#### **Denationalization and Privatization of Property**

Denationalization of state property will facilitate the emergence of real owners of machines and equipment responsible for the profitability of their use, for timely reproduction, and for technological renewal. Denationalization includes the following: transfer of a portion of state property to municipal and communal property; the leasing of state production and nonproduction facilities by work collectives and private individuals; privatization of items of state, municipal, and communal property that would come under collective, joint stock, and private ownership.

The items to be privatized would be the productive capital and other property of enterprises and organizations in the production sphere, the social sphere, and the distribution sphere; land used for agricultural purposes, transportation, industrial purposes, municipal purposes, consumer services, urban development and other purposes, leased land, and land granted on concession; and the state and departmental housing stocks.

The forms of denationalization would be as follows: transfer without compensation of property used in rendering social and municipal services, the production infrastructure, trade, the food service industry, municipal services, and nonproduction construction on the balance sheet of local soviets; the leasing of state and municipal enterprises and organizations with an option for the lessees to buy; transformation of state and municipal enterprises into joint stock companies whereby members of the work collective would have the prior right to purchase stock; transformation of state credit institutions into joint stock institutions with the state holding a limited share of participation in them; the purchase of enterprises by work collectives and individuals; transfer of the rights of possession, disposition and use of land and minerals to local soviets of people's deputies, including unique features of the natural environment (forests, parks, bodies of water, particularly mineral deposits) which have nationwide importance; the leasing and purchasing of land; the transfer to private ownership for token payment (up to 20 percent of real value) of apartments, houses, and other structures under



state and municipal ownership, with higher payment being made for particularly well-equipped elements of the housing stock.

When the property of enterprises is being purchased, it is marked down to residual value of assets and still lower, and in a number of branches it would be transferred without payment, the reason for this being the colossal technical lag and obsolescence of the degraded technological base of the national economy. The property purchased could be paid for out of the financial funds of the enterprise, and as a rule payment would be deferred and preferential credit granted.

It would be permitted for property being privatized to become the property of foreign natural and juridical persons and representatives of other union republics, excepting a special list of facilities that could not become their property through privatization.

### Structural Transformation of the Economy

The purpose of revamping the structure of social production is to increase the share of sectors producing goods and rendering services to the public and to correspondingly reduce the share of branches in heavy industry, to reduce production for defense and outlays to finance the army and navy, and to reduce the share of the intermediate product and increase the share of the final product of society.

The principal means of accomplishing these structural transformations is the technological retooling of the branches of heavy industry, which on the one hand will make it possible to reduce resource consumption and lower the share of the raw materials and fuels branches, as well as that of heavy industry as a whole, while on the other it will afford the possibility of preserving the largest possible number of jobs in the Ukraine's traditional economic complexes (metallurgy, the building of machines for transportation, agriculture, road construction, shipbuilding, and the power industry, instrument-making, electronics, the electrical products industry, the radio industry, etc.), securing orders for them from foreign consumers.

The second way to carry out structural modernization of the republic's economy is to conduct a purposive capital investment policy along with its accompanying tax regulators, credit regulators, depreciation regulators, and other regulators.

The influence of the state on structural transformations will be exerted by means of centralized financing and extending tax benefits, credit benefits, and other benefits to enterprises for science, science-intensive production operations and technologies, to finance expenditures on diversification and respecialization of enterprises, for conversion of the defense industry, for construction of enterprises to process agricultural raw materials, to produce products for entertainment and recreation, and to render social services. The relevant state financing would be extended to enterprises under all forms of

ownership and would be administered according to the criterion of the most rapid rate of return and repayment of the funds.

The most favorable climate in terms of tariffs, taxes, credit, and depreciation would be created for foreign investments in modernization of the production infrastructure. It would also be necessary to temporarily restrict imports of consumer goods for hard currency in favor of purchasing the most up-to-date technologies on the world market.

Decentralized factors in the structural shifts would operate through the self-financing of enterprises in the market sector of the economy, the commercial credit financing of production operations and capital investment projects regardless of their branch or sector, the creation of joint stock companies, and the redistribution of capital investments through funds. Enterprises unable to compete will go into liquidation and sell off the property made available. Privatized enterprises will begin to rapidly assimilate the most recent scientific developments and reorient themselves to meet the changes of demand.

### Restructuring the System for State Regulation of the Economy

The basic principles in restructuring the tax system, price system, budget system, credit system, and note-issuing and monetary system in Ukrainian SSR in the period of formation of a market economy come down to the following.

During the transitional period, measures are carried out to overcome the rigid setting of prices in wholesale and retail distribution, to reshape the structure of price relations, and to alter the procedure for setting prices of products for export.

In the market sector of the economy, the upper level of prices of a number of commodity groups would be fixed. The upper price limits are set on consumer goods which are vital necessities, the traditionally produced products of enterprises in machinebuilding, the chemical industry, and petrochemical industry, and also the products of monopoly enterprises in any sector of the economy.

The transition to pricing through negotiation should begin with the branches producing goods and services for the public and over a period of 1-1.5 years it should successively extend to all other branches and sectors in the opposite direction from the technological progress [original reads "process"] in social reproduction.

It makes sense to preserve state prices only in the branches of the infrastructure of social production (the electric power industry, communications, rail transportation, construction of trunk viaducts and pipelines, seaports, and bridges).

It is advisable to make the transition to the setting of domestic prices on goods being exported according to

the terms of sale on the external market, the prices then being converted to national monetary units at the current exchange rate. Internal prices of goods being imported are also set so as to take into account the prices at which the goods were acquired on the external market, adding the amounts of customs duties, excise taxes, and the turnover tax if they apply.

The content of the tax reform is a major revolution in the outlook on the entire fiscal policy of the state; first, the latter's intervention in the processes of redistribution should be minimized; second, taxes have to be used to provide economically favorable conditions for various trades and businesses and the trade sector, instead of adjusting taxes to cover growing fiscal outlays.

To that end, we should first of all transform the structure of tax burdens, giving the greatest importance to direct taxes on the income of enterprises and individuals. The turnover tax needs to be abolished in its present form. The profit in the wholesale prices of enterprises, part of which goes into the budget in the form of a direct tax, would increase by a corresponding amount (on products in whose prices the tax does not act as an excise tax). The turnover tax should be established at the point of sale in the form of a percentage of the wholesale price. It would serve as a regulator of supply and demand on the local market and as a means of protecting local commodity producers against competitors from other regions. The right to establish the turnover tax and collect it as a budget revenue must be turned over to local soviets. State financial authorities would regulate tariffs, duties, and excise taxes, collecting them primarily as a revenue of the republic budget.

On behalf of successful tax regulation of economic processes, in the taxation of the profit of economic entities it would be advisable to get away from taxing its total amount and tax instead its various parts used for particular economic purposes or purposes of consumption. Here, it is necessary to minimize the rates of the profit tax on investments in production, development of science and technology, at the same time raising the rates of the tax on profit placed in bank deposits and spent for nonproduction purposes and the payment of dividends. At the same time, the periods for amortizing the value of production assets should be accelerated and double write-offs prohibited.

This pattern of taxation will make it possible to use linear (nonprogressive) rates even for enterprises realizing excess profits because differentiated taxation will force collectives to invest their profit in expansion of production, which is advantageous to society. Benefits under the profit tax must extend to revenues of both the local and republic budgets. In the initial stage, given the structural disproportions, benefits might be extended legislatively on the principle of the branch or sector to which an enterprise belongs.

The main lines for reforming the budget system of Ukrainian SSR should be the following: first, decentralization of the resources built up by the state budget; second, autonomous operation of the republic and local (oblast, city, and rayon) budgets, termination of grants and subsidies they extend to one another; third, separation in the budget system of those special state funds that operate independently—the pension fund, the social insurance fund, the medical insurance fund, the public education fund, the environmental fund, the fund for natural disasters and accidents, the fund for aid to the unemployed, and the foreign exchange fund. It is also wise to form these funds in regions and in the center of the republic.

Decentralization of budget resources will promote their predominant formation at the level of oblasts, cities, and rayons. The budgets of their internal administrative-territorial units—villages, settlements, and city rayons—will be formed on the combined principle: partly from their own revenues, partly from subsidies of the budget of the oblast, city, or rayon. The right should be granted of covering the deficit in local budgets by issuing bonds of soviets of people's deputies in the relevant region.

Local budgets will finance the development of the social and cultural spheres on their territory and the reestablishment of the environment, the production infrastructure, and municipal services and utilities. Interregional social, environmental, scientific-technical, and production programs are best financed from the budgets of oblasts, cities, and rayons on the basis of shared participation.

The republic budget will be a source for carrying out republic-wide social welfare, scientific and cultural programs, macrostructural investments, and also inter-republic (unionwide) programs which are in the interests of the Ukraine. The resources of the state budget committed to production purposes will be allocated on credit terms, and the money coming in from repayment of those loans and payments for them will be future revenues of the budget.

The banking system would be transformed into a two-level system: the National Bank of the Ukraine, with the functions of a central bank, a reserve system, regulating the circulation of money and credit by setting rates, and the commercial banks, which would directly administer the circulation of credit and would have correspondent accounts in the National Bank.

The issuing of money is controlled by the state's reserve system, represented by the National Bank and its regional branches. The reserve system regulates the aggregate money supply by means of reserve requirements—the proportions for depositing a portion of the assets of commercial banks in noninterest-drawing accounts in the National Bank, interest rate policy—the latter's adoption of an discount rate of interest when the branches of the reserve system refinance the resources of

commercial banks, and also loan policy—the National Bank purchases the securities (bank promissory notes) of commercial banks for cash.

Within the system of commercial banks, we should distinguish the Ukrainian Vneshekonombank, the Ukrainian Regional Development Bank, regional and local general-purpose and specialized banks, sectoral and interfarm general-purpose and specialized banks, and other credit institutions. The republic's Vneshekonombank handles the movement of foreign exchange and extends credit to finance export-import operations of the republic's government. Correspondent foreign exchange accounts of all other commercial banks located on the territory of the republic are opened in Vneshekonombank, and it performs the functions of a branch of the Ukrainian National Bank on matters of reserving the foreign exchange assets of commercial banks. The National Bank establishes the level of reserves of foreign exchange deposits in the correspondent accounts of UkSSR Vneshekonombank.

The Ukrainian Regional Development Bank finances regional and interregional economic and scientific-technical programs on commercial principles, according to advantages in extending credit to its founders and stockholders. Other commercial credit institutions will be represented by joint stock banks, cooperative banks, land banks, and foreign banks, by pension funds, insurance funds, investment funds, and innovation funds, and by brokerages and leasing firms. Banking institutions become independent cost-recovering, liquid enterprises operating with their own and borrowed funds, independently deciding what to finance and the terms of credit financing, the terms for deposits and the holding of deposits, and the conditions and instruments of guarantees covering credits and deposits. The same tax rates are applied to the profit of banks, and their activity is regulated by the National Bank in keeping with universal standards.

Preferential tax conditions are applied to foreign banks and their subsidiaries; they are exempted from depositing foreign exchange assets in the republic's Vneshekonombank, and they independently set conditions on reserves and the conduct of deposit and loan operations.

#### **Reform of State Management and Formation of the Market Infrastructure**

Thanks to the structural transformations in organizing reproduction, it is becoming possible to reform state administration of the economy. There is good reason to abolish the structures for functional management: supply and sales, pricing, credit financing, labor and wages, production planning, distribution of capital investments, placing centralized regulation of these matters on a single economic department. Analogous structures of sectoral ministries and departments are done away with at the same time. Ministries and departments are cut back in size, they are merged with multisector ministries, whose functions come down to protecting the interests of

society in the respective sectors of the economy. At the same time, government committees are formed for the development of enterprise, disposition of state property, antitrust action, and development of the republic's regions.

Enterprises in the market sector of the economy are brought together into voluntary self-managed associative structures, establishing infrastructural links, joint stock funds and banks, providing them services in supply and trade, information, marketing, mechanical and processing engineering, credit, repairs, and so on.

As the system for state regulation (of prices, taxes, the budget, and credit) is restructured, a network is formed of elements of the market infrastructure: independent trade enterprises and centers, fairs, commodity exchanges; firms in the fields of information, brokerage, innovation, and advertising; scientific and technological parks; stock markets, holding companies; labor exchanges, personnel retraining centers; law offices, commercial banks, factoring, forfeiting, licensing, and other credit institutions, foreign exchange auctions, brokerage firms, and so on.

The enterprises in the market infrastructure form independent associations or integrate with industrial and agricultural structures on behalf of concentration of financial resources, reduction of distribution costs, and fuller and faster satisfaction of the demand of the market.

#### **Institution of a Mechanism for the Stability and Soundness of the National Monetary Unit**

Strengthening the monetary unit should be considered a central aspect of all efforts to develop sound market relations. The adoption of independent republic money and new principles for regulating the circulation of credit and money provide the basis for achieving stability of the monetary system in both domestic and foreign payments. The money can be stable and sound if the exchange rate is realistic, if the supply of commodities corresponds to the outstanding means of payment, if foreign exchange reserves are sufficient at that exchange rate, if owners of money equivalents are able to exchange them freely for goods, including gold and other backing for the currency.

Accordingly, in the first steps of the reform holdings of foreign exchange should be allocated to the republic and steadily augmented. Foreign trade needs to be expanded and a positive trade balance maintained.

To that end, foreign trade is demonopolized, enterprises are granted the rights of independently entering foreign markets provided they abide by the regime of cost recovery and self-financing with respect to foreign exchange. State regulation of the republic's foreign economic transactions is accomplished mainly by direct and indirect taxation; at the same time, customs tariffs and levies and income taxes on product exporters would be

reduced as a whole. State and commercial insurance is provided against the risks of exporting enterprises and foreign exchange credits.

Foreign exchange auctions for Ukrainian paper money are organized; natural and juridical persons of Ukrainian SSR and foreign states take part in them freely; they are conducted by the branches of the republic's Vneshekonombank. Part of the profit from foreign exchange credit operations and auctions is accumulated through taxation by the UkSSR Foreign Exchange Fund, a portion of which determined by legislation goes to replenish the republic's foreign exchange holdings.

All foreign economic operations of the republic's government on which expenditures exceed a normatively established amount are subject to monitoring of the Supreme Soviet of the Ukraine. In order to draw off foreign exchange reserves into bank deposits and savings and to limit the credit financing of imports, a high discount rate of interest is being adopted on those operations of the National Bank of the Ukraine (at least 20-25 percent).

The real exchange rate of the Ukrainian monetary units is established on the basis of the rates of foreign exchange auctions, and their internal convertibility for gold and hard currency is adopted. The low exchange rate and its subsequent flexibility, provided the excessive issuing of money is prevented, will guarantee stability of the purchasing power of the money and will at the same time be favorable to foreign trade. When imported goods are sold for Ukrainian money they would be more expensive, but commodities produced locally would be cheaper when sold for foreign currency. Consequently, there will be larger profit from importing foreign goods and capital and from exporting Ukrainian products.

But if the exchange rate is too low, it devalues accumulations of money and savings, which undermines confidence in the government and could bring about a new monetary crisis. If people are to be prevented from excessive purchases of gold and foreign exchange (hoarding) and the price of gold is not to be reduced, the state will be forced to seek ways of filling out the commodity market and limiting the supply of money in circulation. In future, the gold standard could be stabilized by a similar "adjustment," which is the basis for declaring convertibility to gold even of the Ukrainian currency held by foreign natural and juridical persons.

#### Anti-Inflation and Antitrust Mechanisms

Anti-inflation and antitrust regulators capable of counteracting the contradictions of the present economy, which intensify under market conditions, are developed and applied before the levers are activated for market regulation of economic processes in the republic. The main anti-inflation regulators are the following:

- raising the discount rate of the National Bank of the Ukraine used in the credit financing of the circulation of money in the republic and the rates of reserve requirements in order to concentrate a portion of the

deposits of commercial banks; adoption of rigid reserve rates for foreign exchange in the accounts of commercial banks over the entire period until multi-lateral external convertibility of the national monetary unit is declared;

- adoption of the practice of legislative establishment of the amount of money and credit to be issued and parliamentary monitoring of their enforcement; additional issue allowed would be accomplished by the National Bank purchasing the promissory notes of commercial banks;
- the National Bank's establishment of minimum interest rates on deposits and minimum charges for credit;
- legislative establishment of a preferential regime for the credit financing of highly efficient scientific-technological and capital-investment projects, for launching fundamentally new products and services, and for urgent trade purchases within the republic and outside it;
- a general reduction of the upper tax rates on corporate profit and the rates of indirect taxes, while the rates on personal income of individuals would be raised temporarily;
- a legislative freeze on the level of expenditures from the state budget, cessation of subsidies to enterprises operating at a loss; tighter parliamentary monitoring of expenditure of budget resources as to purpose; establishment of quotas on financial outlays of the government which it may make at its discretion and in view of economic expediency;
- review of budget plans and the structure of budget expenditures in the direction of reduction of unproductive outlays and an increase in the financing of the most progressive investment programs that offer the fastest return;
- reduction of the gold content and external exchange rate of the national monetary unit against the currencies of other countries;
- relaxation of government price controls, including complete elimination of price subsidies.

The following should be envisaged to restrain monopoly price hikes and the realization of other unlawful benefits of monopoly: the drafting and adoption of specific antitrust legislation and institution of heavy penalties for violations; when monopoly enterprises are established in a particular locality (or type of activity)—establishment of administrative control of soviets of people's deputies over the prices of their products, with the exception of their production or sale of fundamentally new products, technologies, and custom-made goods; in the initial period of operation, extend tax benefits, credit benefits, price benefits, and interest-rate benefits and other benefits to enterprises breaking up the monopoly of commodity producers and commodity suppliers on particular markets; retention of state setting of prices of the products of natural monopolies (electric power, rail transport services, communications, notary services).



### Social Welfare

Market relations presuppose fundamentally different mechanisms for social welfare and for providing the population social guarantees. First of all, it becomes impossible to guarantee full employment of the able-bodied population, to maintain an unjustifiably depressed level of prices on food, transportation, and communication services, utilities, rent, and the costs of vouchers for vacation centers, boarding homes, and tourist excursions.

Social welfare is targeted. It is aimed at helping population groups distinguished by age, psychophysiological, and certain other characteristics which are unable to achieve a sufficient level of consumption for themselves. They should include the following: disabled persons, pensioners, minors, families with many children, university students, people on sick leave, and the temporarily unemployed. The social protection of these categories of individuals would mainly take the form of money assistance in the form of benefits and pensions for disability, old age, unemployment, sick leave, state benefits to support a child until he reaches maturity, and stipends. In addition, families with many children must obtain money benefits to pay for large apartments. These money payments would come from pension funds, employment funds, social insurance funds, medical insurance funds, the state budget, and various voluntary philanthropic funds. The state budget would finance fully only benefits for child support and partial payment for the housing of large families, as well as the payment of stipends. The state will also finance the providing of gratis services in education and health care. At the same time, there will be expanded opportunities for philanthropy and commercial activity in these areas.

Concern about indigent members of society will take the form of legislative establishment, first, of the minimum level of the hourly remuneration of labor wherever that labor is used—in any branch or type of activity, in any settlement, and regardless of an enterprise's form of ownership; second, the level of the monthly personal income not subject to tax; third, the right of gratis allocation of housing to indigent citizens and large families from the municipal housing stock. Resources to build up this fund could be allocated from the republic and local budgets and from mandatory deductions of a percentage of profit of all enterprises in a given region.

At the same time, under our conditions it seems unacceptable to use a method of social welfare such as indexing personal income to the rate of inflation. A critical imbalance of the market could become a source of hyperinflation if this method were used. In the early going, then, it should not be used at all. Once we get rid of the excess money, restore the financial system to health, and implement anti-inflation instruments it would be possible to index only benefits, pensions, and stipends, compensating for no more than 50 percent of the inflationary rise of prices of the group of the most necessary articles.

### Allowing Freer Action of Market Regulators

First of all, the objective functions of money need to be reestablished—eliminate the formal line of division between the circulation of money of the personal sector and the corporate sector, remove the barriers to the movement of money to other settlements in the republic and other trade channels, remove all restrictions on the granting of credit to individuals and the exchange of bank notes for hard currencies and gold. Freeing the action of market regulators is bound up with reduction of the budget financing of investments related to the production structure, resources being concentrated on supporting fundamentally new industries, groupings, and technologies.

Once transformation of the price system is completed, it becomes possible to expand the range of products which would be sold at market prices. Only the prices of products and services of monopolies, enterprises in the production infrastructure, and also a number of goods vitally necessary to the public would remain under state regulation. There would be substantial expansion of the sphere of paid services, privately owned housing, and nonstate-owned commercial enterprises in the social sphere.

When the full-fledged market for capital comes into being, it becomes possible for stock to circulate on the market and to set the market price of stock of various enterprises at which it will be sold and purchased freely without any restrictions whatsoever. It will gradually become possible to lower the rates of the profit tax on enterprises. It will also be necessary to substantially reduce the rates of customs tariffs and the turnover tax on behalf of freer movement of goods, capital, and manpower. It will be advisable to lower the deposit levels of the assets of commercial banks in the reserve system, remove the upper and lower limits from the rate of interest on commercial credit, thereby enhancing the regulatory significance of the discount rate of the Ukrainian National Bank.

### Attainment of External Convertibility of the Currency

Achievement of multilateral convertibility of the national currency is a mandatory prerequisite for active inclusion of the republic's economy in the international division of labor, for integration into transnational markets, and for creation thereby of opportunities for obtaining the best foreign know-how and for stepping up competition on the domestic market. Participation in the economic life of the world on an equal footing is possible only under the following conditions: competitiveness of the republic's products, broad visible trade with other countries, and achievement of a positive balance in export and import operations.

It is obvious that external convertibility of the national currency to the currency of the USSR can be accomplished immediately after adoption of our own currency and establishment of an acceptable exchange rate and rules of exchange. A positive balance in trade within the

union is assured provided Ukrainian enterprises are free to participate directly in business and trade relations with enterprises of other republics and in the setting of prices by agreement, and on condition of full cost recovery and liability of exporting enterprises for their own payment obligations and a tight hold on credit financing of operations in the currency of the USSR.

The following would be important incentives for the conduct of an independent export-import policy: transition to moderate taxation of a portion of their foreign exchange profit; payment of wages to personnel employed in manufacturing products for export in the relevant foreign currency; development of a network of permanent foreign exchange auctions in which all interested juridical and natural persons would participate, including foreigners; lowering of customs tariffs to the minimal level for the entire range of products exported by the manufacturing industry and scientific development all the way to duty-free exporting, and at the same time retention of appreciable tariffs on exports of raw materials and fuel and energy, products of nature, articles of cultural and historical value, and capital investments; removal of the licensing on the exporting of goods and information with the exception of those on a limited list.

An infrastructure for export-import activity of enterprises is also required: firms under all forms of ownership operating as middlemen and in the fields of trade, advertising, marketing, brokerage, and insurance. Consortiums of commercial banks will arise; they will become able to stand as guarantors for nonstate external loans. It will be advisable to refrain in every way from state credits in foreign exchange so as not to allow a deficit in the republic's balance of payments and so that the republic does not become an irrecoverable debtor.

Later, when foreign trade with the Western countries expands, the state exchange rate stabilizes, and certain holdings of foreign exchange are built up, it will be possible to make the transition to unrestricted exchange of the national currency for foreign currency outside of banks over the entire territory of the republic (through commercial exchange offices). This will make it possible to adopt a domestic market exchange rate of the currency against foreign currencies. The circulation of foreign exchange will be stabilized, as a most important prerequisite for the subsequent stability of the national monetary unit in supporting export and import operations.

At the same time, contacts need to be made with the organizations of states owning the principal world reserve currencies to determine the possible conditions for free convertibility of the Ukrainian currency. Conclusion of appropriate agreements with them concerning multilateral convertibility will become possible, first, upon attainment of a stable growth trend of the surplus in the Ukraine's external balance of payments, and second, upon achievement of approximate correspondence between the domestic market exchange rate of

Ukrainian bank notes against foreign currencies to the offering rates of international currency organizations.

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### Privatization Payments Begin in Lithuania

PM1804141191 Moscow IZVESTIYA in Russian  
15 Apr 91 Union Edition p 2

[Nikolay Lashkevich report under the "Direct Line" rubric: "Lithuania: Privatization Begins"]

[Text] The allocation of one-shot state payments began in Lithuania 10 April and investment accounts are being opened in banks, giving citizens the right to acquire privatized state property.

Thus the first stage of the long-awaited privatization has begun in Lithuania. According to the republic law on the initial privatization of state property, the size of the one-shot payment or investment check, which can only be used to purchase something that is being privatized, such as shares, is set at between 1,000 rubles [R] (for people under 18) and R5,000 rubles (for those over 35). The state allocates this money, transferring it to personal investment accounts. Anybody who acquires shares with this payment will pay in money only five percent of the value of the purchased property.

An essential point is that the state payments are intended for citizens of the Lithuanian Republic only. So if you want to purchase state property, make your mind up. The deadline is 3 November 1991.

### Plan To Privatise Latvian Enterprises Deployed

914A0636A Riga LAUKU AVIZE in Latvian  
22 Feb 91 p 2

[Article by J. Lucans: "On Privatization"]

[Text] The point of view is often heard that privatization must be carried out quickly and widely, because then the conditions for a market will appear. In my opinion, formal privatization, when ownership is divided administratively, ignoring economic principles in the process, won't hurt more than past nationalizations. One must accept the fact that privatization can occur as quickly as a willing and able owner appears. That is why the rise of owners must be realized.

The second but not last form of privatization is purposeful government economic policy in support of creative small-scale production enterprises. This is so that an energetic owner can more quickly realize his ideas and develop common economic potential. Also, here one must get over the prejudice of why one is supported but another is not. The order must be such that the one who distinguishes between support or non-support himself loses his position if he errs often. One way or another, one thing is clear—there must be this type of credit policy so small enterprises, which start "from zero," can

more quickly grow competitively strong. More than 20 years ago the world-known South Korean firm "Samsung" began production in a shed. In this country they support small enterprise.

They must know the direction of the government's interests, in which one can hope for quicker and more favorable loans. This would draw energetic owners into the necessary economic directions.

For this there would have to be a government economic policy in the very near future, so we can establish that some propelling force is working in the government; that the origins of an economic leadership system are appearing.

The initiative of owners would have to be regulated economically, by set principles. Under no circumstances should we dare turn against an individual owner; actions are administratively limited in this way only because he with his initiative will throw some imaginary balance into confusion.

I write this because I have already heard the reproaches by the peasants. Look, they can't get land, even though there is large-scale agricultural land all around and production is not endangered, because the peasant has already gotten **enough**. Still, if the peasant's technical abilities allow, if he has already shown that he is able to manage the land, if there isn't a glut of agricultural products, then **why not give the land?**

Limited regulation must begin when the market is saturated with merchandise. In society there still lives a trend for the levelling of income, yet the government's economic policy must manifest itself in any such way. Social justice must be established with the proper tax system. But in order to fairly even things out, we must produce, firstly, purposefully saving capital. That is why now the purposeful saving of capital with taxes should be encouraged, with credit assistance first of all in agriculture, where privatization will undoubtedly show a very large need for saving. Actually, this branch is showing up anew, founded on different principles.

Another primitive clarification of privatization is based only on the government's distribution of ownership and further pushes aside the owners, and this is generally not spoken about.

To the question of what the distribution of ownership will truly provide, theoreticians reply that the people will "settle down." Still, there is no smaller assurance that the people will settle down, if someone hands them some paper (a certificate or share) and says that now he has become the owner of something. The store is still empty, everything is expensive, and the person with his "ownership paper" cannot begin anything. Such a "security" will be to a fixed name, so one cannot trade with it, and that really sounds totally silly. One would think that a person would be allowed to sell "his" security. If so, then there will immediately appear clever operators, who will

buy up cheaply the securities of some established enterprise, in fact for money that was obtained through the sweat and tears of others.

It seems that you couldn't think of anything more dubious. Will we give away government enterprises—which one way or another are still the people's property—for a strongly lower price to those who already are living off the government, in fact at the expense of the nation? I don't know how this kind of action could settle society down.

One will drink up the share he has sold, another will buy some expensive item, and only the rare person will use the money to expand production. One cannot find even somewhat objective criteria for the distribution of ownership in this fashion, in my opinion, which won't stir up society. If one has worked years for a criterion, then it can be asked—how has each person spent these these years? If one earns a wage, we know, for example, how low the wage of a nurse is, but her work? The ambiguity of the distribution of these things extends further the government's uneven distribution of capital among profitable and unprofitable branches, the investment of the volume of budget resources, etc. Who can prove the objectivity and sense of these distributions? In point of fact, it is the sale of the government's capital base and this not at all understandable. But the most incomprehensible thing in this "game" is that it is absolutely not obvious from where the owners will come and how the further concentration of capital will occur, if one does not consider the baseness of those who buy up property.

Let's take another variation, that one won't be able to sell these securities, but that those named will begin to repay after 20 years. That means that we will make our children pay for the absurdity of our social system. No less, no more.

Let's say, that dividends will begin to be paid on these securities right away. Then that means that we will decrease the enterprise's reproduction power because we will decrease pay. But to compensate, the enterprise will raise the production cost.

Then we will have set in motion another accelerator of inflation. None of these arrangements show any promise in the least, and don't even talk about how they could bring us nearer to some kind of growth in production activity.

It seems that the time has come to cease attempts to try and make a poor society wealthy with these self-deceiving methods, which will in fact only deepen the crisis.

In this respect, the position of Latvia's government is completely clear, comprehensible and correct—property must be purchased for money outright, or taken responsibly on credit, or also otherwise, so that in the long run, everything nevertheless is reduced to clear purchase transactions. Only in this way will true owners rise up.

We have taken a fairly lengthy view of the search for owners. The conclusion—the process of the rise of owners in our society will be lasting and complicated, and that will be one of the major facts that will determine the tempo of privatization. That is why the government's policy must be one of searching for owners, of course, economically reasonable and responsible, but at the same time critical enough that there won't be a lot of mistakes.

### **Yakutian Economic Plight Worsening**

914A06594 Moscow *TORGOVAYA GAZETA*  
in Russian 2 Apr 91 p 2

[Article by D. Popov, chairman of the board of the republic Consumer Union Holbos: "Shaky Ground: On the Economic Situation in the Rayons of Northern Russia"]

[Text] Yakutsk—We are far away, and this is our main misfortune. One can say that it has always been there. But it has become extremely acute now, as we approach a market economy. God help us, but it is a fact that some goods get to the consumer in our region only two, sometimes three years after they are shipped to the distributors. This is understandable, since in order to reach some of the regions the goods have to go through ten transshipment points. This alone eats up all the profit.

Before, everything was simple—the Union of Consumer Societies of Russia subsidized us, and the Central Union of the USSR Consumer Societies helped us. And we managed; we were even showing a profit of 7 to 8 million rubles [R] a year. True, most of it came from sales of liquor. Vodka sales have gone down—and profits have disappeared. We receive trade discounts on other goods, but with our enormous transportation costs they do not cover anything. So now we are in a difficult financial situation for the third year. A sad statement of fact.

Now it is a total tragedy, since we are talking not so much about our profits as about the fact that we do not get any goods at all. Essentially, ever since the talk about a market started, all goods suppliers unanimously started to refuse to deal with Yakutia. Before, the oft-cursed administrative command system forced them to do so and provided subsidies for working with the regions of Far North. Who is going to stand up for the residents of the North now?

State orders, and with them all legitimate preferences to suppliers, are a thing of the past. And here is the result: at the various fairs we went to we signed agreements for deliveries that, in relation to last year's levels, come to 65 percent for ready-made garments and footwear; 55 and 50 percent for knit wear and fur items, respectively; and 50 percent for canned fruit and vegetables. Contract prices are moving in aggressively. Now the supplier wants R14 for a sack of mixed fodder. So what are we to do—sell it at triple prices?

So it turns out that the market is giving Yakutia the wrong end of the deal. We are losing established ties with suppliers. Now every one wants to ask first what we are going to give them. For many, Yakutia is associated with riches: timber, furs, diamonds, and coal. So they demand: Give me timber, and I will ensure 100-percent deliveries.

But where would cooperatives get the timber? The Yakutles Association annually sends 170 to 180 thousand tons of cubic meters [as published] for export to Japan. And all the while we are losing allocations of goods. If the Union and Russia continue to look at Yakutia this way, there will be a total disintegration.

It is true, though, that the Government of Russia recently tried to change the situation.

The recently published RSFSR Council of Ministers resolution No. 76 of 4 February 91: "On some measures toward the socioeconomic development of the Northern regions," says that suppliers working with the Far North will be exempt from paying taxes on profit into the republic budget. But what is there for us in these promises? They will not feed or clothe the people. So far none of the suppliers has hurried to take advantage of this resolution. So it stays on paper.

Perhaps, the status of Yakutia as a Union republic will change our unenviable situation, and will let us take charge of undervalued Yakutia riches in a way that is profitable for our population. So that we would develop instead of living in poverty and vegetating.

If we received enough money from the republic budget, Holbos could also switch to republic self-financing. But right now we are too far from that. On the contrary: the situation is just getting worse. In the past, we had preferential credits for purchasing goods, with one percent annual interest; now the banks charge us the same interest as others—eight to 10 percent annually. Therefore, the Union of Consumer Societies of Russia gives us annual injections of R10 million. In addition. This gives us breathing space so far.

And what are we ourselves doing, how are we trying to save ourselves? To tell the truth, this is a purely rhetorical question. With our current profitability of one percent we will not get very far. We do not have enough warehouses, bakeries, produce storage facilities, and stores. We are forced to store 30 percent of our goods on sites without shelter.

At the same time we do R20 million worth of construction a year. R8 million comes from our operations, and the rest comes from the Union of Consumer Societies of Russia. However, the problems and the need to develop a material base arise faster than the "boxes" of warehouses, storage facilities, stores, and shops. Sometimes we are just about to give up. In our current situation it is hard to see good prospects even through rose-colored glasses.



I look with envy at my colleagues in the cooperatives in Krasnodar or the Rostov consumer societies. Their annual profits reach R50 million, while we cannot earn enough to pay salaries unless we get subsidies.

I understand that not everybody approves the idea of redistribution of profits. "Why should 'ours' be given to Yakuts?"—this question is theoretically appropriate. Especially considering that we are not the only ones who need help. Magadan, Chukotka, and the Northern Krasnoyarsk Region are all in the same situation. Traditionally, much more has been taken from the northern regions of Russia than given back. Now we have to put an end to such practices. But neither the Union of Consumer Societies of Russia nor the Central Union of USSR Consumer Societies are resolving this problem in a constructive way, although I have brought it up with the chairman of the governing board, P.S. Fedirko—who, by the way, has first-hand knowledge of the North.

How are we to live now? We would like to start bartering with foreigners, but the republic does not even have a right to issue licenses. I could not, for instance, "push through" 10,000 tons of mineral fertilizers, which I could barter with the Chinese for canned goods, baby foods, and other food products. I cannot even give timber to the Japanese, not even 10,000 cubic meters.

To conduct barter with foreign partners, we must have a clear knowledge of how much timber, coal, and mineral fertilizer we can use in doing our business. Alas, we do not have this clarity. Last year we were able to procure 25,000 tons of coal. With this, we purchased equipment, built sausage-making shops and smokehouses in 15 regions, and are producing about a thousand tons of sausage and related goods. We have also opened shops that process produce and wild plants, and produce confectionery goods.

All of this, however, is just an extra for the consumer. The main assortment is what comes from the heartland. And we absolutely need increased trade discounts on certain groups of goods: footwear, household items, and ready-made clothing. Otherwise we will not only have no profit, but will actually operate at a loss. Right now trade discounts do not even cover the transportation expenses we pay.

Such are the cheerless prospects. In this case, we are not able to change the situation. What will the center say?

## REGIONAL INVESTMENT

### Conflict Over Latvia's Contribution to Union Budget Unresolved

91440627B Riga SOVETSKAYA MOLODEZH  
in Russian 28 Mar 91 p 1

[Article by Andrey Vorontsov: "In the Rhythm of Optimistic Tragedy"]

[Text] On the day when questions of the Latvian Council of Ministers are examined in parliament, the back

benches of the hall are always overcrowded. Sitting there are the ministers, their deputies, the deputies to the deputies, and experts on the most diverse questions. The government, fully armed, is ready to meet the trickiest attack of curious deputies, to give a fitting and competent answer to any question. Those bureaucrats of the Council of Ministers who are not able to support the reputation of the government, Prime Minister Ivar Godmanis has barred, according to rumors, from approaching the building of the Latvian parliament within gunshot. Moreover, on those days Godmanis himself prefers to be among the deputies, personifying in his person simultaneously executive and legislative power. Usually he sits on the front benches by the window, on the extreme right wing.

This is how it was on 26 March, when information of the government on securing the economic stabilization of agriculture was heard. In the village the situation is close to complete collapse. Seeds, mixed feed, fertilizer, fuel, agricultural equipment, building materials, etc., etc., are becoming more expensive. Only peasant labor is becoming cheaper: the more our villagers work, the more quickly they approach the sad finish of bankruptcy and ruin. What is more, there is interference from big politics: today you sow on your land, but its former master will already gather in the harvest.

Judging by everything, the government is making desperate attempts to save the Latvian village from complete impoverishment. Both in the report of Arnis Kalnins, deputy chairman of the Council of Ministers, and in the speech of the minister of agriculture, Daynis Gegers, measures that are being taken helter-skelter were discussed. These include an increase in prices for agricultural products purchased by the state, a proposal to decrease the rate of social tax for peasant farm to 19 percent, the creation a fund of R393 million in the Ministry of Agriculture to compensate for rising prices in 1991, and a great deal more. After stormy debates, in the course of which deputies and landowners literally bombarded the speakers with pointed questions, and those who had spoken courageously parried them, the two of them standing on one platform and reminding one from the side of the governmental two-headed eagle, on the whole the efforts of the Council of Ministers received the support of the parliament. The only thing that disturbed me at the end of the discussion of the question was the sources of financing the noteworthy plans for saving the agriculture of Latvia. In the present situation we simply do not have them.

Apropos of the financial questions. Having made use of the situation, during an intermission of the session of the parliament, I asked the minister of finance, Elmar Silins, to comment on the prospects of solving the conflict with the center regarding the republic's payments into the all-union budget. Having complained in a good-natured way about the fact that the press prefers only to scold the ministry headed by him, Elmar Silins

said the following: "Matters regarding the settlements with the Union for the time being have not been finally adjusted. The center obstinately insists that we should transfer R1 billion into the stabilization fund and pay another nearly half billion rubles in "contributions." And the old agreement about Latvia's participation in the financing of union projects and programs is still in existence. Here the ministry of finance of the Union showed a certain pliability. In their opinion, we should hand over R550 million. In our view: 350 million we will pay at once! Most likely, we will come to an agreement in this question. But besides this, in connection with the union price reform, they are demanding R2.2 million from us. In this calculation one position is observed: the republic must economize R1.7 billion rubles in the abolition of subsidies. But this money is already being paid to the population of Latvia in the form of compensation! So that we cannot agree with such a position. And if the center intends to establish honest partner relations with us, we can find a mutually acceptable compromise. If not, then it is extremely difficult to predict the consequences, both for us and for Moscow.

#### **Estonian Bank Official on Compensation to Savings Account Holders**

914A0627A Tallinn MOLODEZH ESTONII in Russian  
27 Mar 91 p 1

[Interview with Ruslan Dontsov, chairman of the board of directors of the Estonian Savings Bank, by Olga Ivanova, correspondent of MOLODEZH ESTONII: "Sentence of Pardon With Delay of Execution"]

[Text] There is, probably, no more disturbing subject in our homeland today than money. And to spend it, as it were, not for something, but to lose it, is something people very much do not want. But the presidential decrees come one after the other. . . . The chairman of the board of directors of the Estonian Savings Bank, Ruslan Dontsov, answers some of the "hottest" questions by correspondent of MOLODEZH ESTONII, Olga Ivanova.

[Ivanova] As they say, they had not yet succeeded in drying the ink on the Ukase of the President of the USSR: "On the Reform of Retail Prices and the Social Protection of the Population," where in Paragraph 7 it is recognized as necessary "to carry out measures for the compensation of losses of the simultaneous price increase to owners of deposits and certificates of the USSR Savings Bank and state securities," when already the following one arrived, dated 22 March. It promises extremely bright prospects—the increase of the amounts of all the deposits of citizens by 40 percent, and many are excited about whether this union decision is being extended to our republic?

[Dontsov] Fully. And it cannot be otherwise, since the Savings Bank of Estonia remains a part of the all-union system and, in accordance with the statute, the deposits of our bank are guaranteed by the USSR State Bank.

[Ivanova] In that case I would like to clarify the mechanism for the payment of these compensations. Suppose I have R500 in my [savings] booklet. . . .

[Dontsov] Forty percent of this sum comes to 200 rubles. Exactly the sum within the limits of which you may make use of compensations already as of 1 July 1991. By this date, an entry of R200 will automatically appear in the column "income" in your savings account book, and behind it is "safe" money.

[Ivanova] And if I have R5,000?

[Dontsov] In that case, if you like, you may also obtain R200 in cash already in the summer, but the remaining R1,800 will be credited to a special account. After 1 July, you will have to come to the savings bank to receive a new book in your name. But only after the expiration of three years, that is beginning on 1 July 1994, do the depositors have the right to use these funds. During all this time, the special account will "earn" seven percent annual interest. It must be remembered that it is not old deposits already made, so to speak, savings from labor, but only the compensation sums—money "from the air."

[Ivanova] Does it not seem to you that the state once again is trying to outwit us? The next "sentence with deferment of execution." Though now also about forgiveness. You agree, do you not, that seven percent annual interest cannot keep up with galloping inflation. . . .

[Dontsov] This is true. But you understand very well that, if we were now to throw this entire mass of money into the, as it is, scant market, this would be the end of it. Although, take note, Paragraph 3 of the Ukase of 22 March stipulates the possibility of "the use, by citizens, in some cases, of the funds credited to the special account prior to the expiration of the three-year term—for the payment for expensive commodities and the acquisition of housing through noncash transfer." If you really need to, you will receive the money after 1 July of this year. But then, you know, what did the restriction turn into that prohibited the withdrawal of more than R500 a month from the savings account book? The "coupon effect" arose. Even if I do not smoke, it is necessary to issue goods against the coupon. Even if we do not buy anything. Incidentally, Paragraph 6 of this Ukase repeals all restrictions on the payment of cash from the deposits of citizens. I will note on my own—prior to the expiration of the term. This measure was introduced before 1 July.

[Ivanova] Thus, I can again dispose of my money in my savings account book. Make deposits, withdraw cash. Do these operations not influence the sum of compensations?

[Dontsov] No, since it is calculated proceeding from the balance on 1 March 1991. Also subject to reappraisal are the deposits transferred by a depositor from one account to another in his name, as well as deposit accounts

reregistered for the new conditions, for which income is added as of 1 November 1990, regardless of the date of their reregistration.

If on 1 March you had R1,001 in your savings account book, and tomorrow you leave only one ruble, you nevertheless will receive compensation from the entire sum. You can also be so bold and close your account, in accordance with the instruction, having done this during the period between 23 March 1991 and 30 June 1991, you will not deprive yourself of compensation. But no payments are envisaged for those who liquidated their account during 1 March to 22 March. Just as there will be no compensation for the sums of checks for the acquisition of commodities through noncash transfer written during this time and for some reason not realized.

[Ivanova] And what is awaiting the owners of certificates of the USSR Savings Bank and other securities?

[Dontsov] As far as certificates and state treasury obligations obtained before 1 March 1991 are concerned, at any time during the next three years they are bought back at the price stipulated by the conditions of their issue—the face value plus interest. After 1 March 1994 you may sell them at a much higher price since their value will also include the compensation sums. Not so long ago, special-purpose loans for the acquisition of 16 designations of commodities were distributed in the republic. They will be available in 1993, but if by this time you decide that you do not need a color television or mini-tractor, the money will be returned already with regard to compensation. As of 2 April of this year, the buying and selling of the State Internal Lottery Loan of 1982 will be resumed. At the present time it has been temporarily discontinued in expectation of the next, 74th drawing. The nominal cost of the obligations will also increase by 40 percent.

#### **Kazakh Finance Ministry Official on Five Percent Sales Tax**

914A06534 Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 12 Mar 91 p 3

[Interview with V. M. Ivanov, by T. Fomina, under rubric: "From Competent Sources": "Sales Tax"]

[Text] The pages of the central and local press, including our newspaper, have provided explanations dealing with the Law on the Sales Tax. Nevertheless, letters and telephone calls continue to arrive at the editorial office. V. Spirin from Usttobe, N. Sergeyeva from Tekeli, Ye. Ivanova from Dzhetysay, N. Nusipbekova from Chimkent, L. Filatov, N. Boychenko, V. Sergiyevskaya from Alma-Ata, and many other readers of our newspaper ask: What is this five-percent tax, what is the reason for it, and where is the money going?

Obviously, the people at the republic's Minfin [Ministry of Finance] know the answers to these simple questions. But it would seem that neither they nor the people in

Moscow have a completely definite idea about the operating mechanism of this law. It has been explained to us that this is linked with the fact that the appearance of the Ukase of the USSR President, entitled: "Introduction of the Sales Tax," was not reinforced by any precise statute. There continues to be a large number of unclear questions in the interrelationships between the enterprises that deliver raw materials and components and the enterprises that produce the final product. The tax inspectorates have proven to be in a complicated situation. Despite the seminars and various consultative sessions conducted by the Ministry of Finance, much remains unclear to the financial inspectors themselves.

One thing, however, is clear to the customer: yet another tax has been put onto his shoulders. In order to get hold, for example, of the profit tax, it is necessary to wait, as a minimum, for the enterprise's fulfillment of the plan. As for the sales tax, the effect from it is instantaneous—the money is paid in pure form. And with the increase in prices, there will also be an increase in the total proceeds.

The leaders of trade-union organizations are "attacking" the republic's Minfin with indignant official letters. But what answer can the ministry give? Only the same answer that it gives in such instances: "The question of the sales tax lies within the competency of the USSR Supreme Soviet."

Inasmuch as the Ukase has been promulgated, it must be fulfilled. And we are supposed to be assuaged by the information that the previously mentioned law is an element of the market economy and that similar laws operate in many developed countries.

We have asked V. M. Ivanov, chief inspector at the State Tax Inspectorate of the republic's Ministry of Finance, to give detailed information concerning the sales tax.

[T. Fomina] Vladimir Mikhaylovich, what was the reason for the appearance of the sales tax?

[V. Ivanov] The law was adopted on the basis of the 29 December 1990 Ukase of the USSR President. The situation in which our country has found itself is critical. It will be necessary to resolve complicated socioeconomic tasks, and this necessitates financial support.

As is well known, there are only two taxpayers—the enterprise and the public. For the time being, no one has thought of any other sources of taxes. The state must live, develop, maintain an administrative apparatus, maintain the country's defense capability, resolve social and ecological problems, develop foreign ties, etc. As everyone knows, the salaries paid to teachers and physicians will rise, effective 1 April 1991. Funds are needed to increase pensions, scholarships, grants in aid, and compensations. Who can the money for all of this come from? Naturally, from the public. We carried out a preliminary computation of the total amount of the sales tax on the territory of the republic. That total amount will be approximately 2.4 billion rubles. The republic channels 30 percent of its funds to the union budget, and

distributes 70 percent internally—equally to the republic budget and the local budgets.

[T. Fomina] What is taxed?

[V. Ivanov] It would probably be simpler to say what is not taxed, that is, the benefits that are granted. According to the instructional guide furnished by USSR Minfin, the sales tax does not apply to sales to the public of medicines or articles intended for medical purposes through the state drugstore network (excluding optical products), or to sales of special-purpose commodities for the disabled and elderly.

[T. Fomina] So that new questions will not arise in our readers' mind, could you please explain right now what those commodities are?

[V. Ivanov] They include means of transportation purchased by the disabled on preferential terms in conformity with the established legislation; spare parts for those means of transportation; prosthetic and orthopedic articles and equipment; orthopedic shoes; beds; canes; special furniture; and other means and commodities intended for the social and medical rehabilitation of the disabled and the elderly.

The sales tax also does not apply to transportation equipment that is sold to the disabled. In the event that a disabled individual refuses a special-purpose Zaporozhets and wants to purchase, say, a Moskvich, he pays the difference in price, but the sales tax is computed on the basis of the entire cost of the vehicle.

No sales tax applies to the rendering of services by urban passenger transportation (other than taxis), or services involved in the shipments of passengers in suburban communication by maritime, river, rail, or motor-vehicle transportation.

[T. Fomina] Could you please explain what is meant by suburban passenger transportation?

[V. Ivanov] It has been stipulated that a distance of up to 50 kilometers from an inhabited point is provided with services by so-called suburban transportation, and a distance of more than 50 kilometers, by long-distance transportation. And that kind of transportation is subject to the tax.

No tax is paid for the rendering of services involving the care of children, medical patients, or the elderly, or ritual services performed by burial offices and cemeteries. Memorials and fences constitute an exception.

[T. Fomina] There have been a lot of questions about apartment rental and communication services.

[V. Ivanov] In Alma-Ata, as everyone knows, there is a single payment document that is in effect for all types of services. Effective 1 February 1991, we must fill out that document with a consideration of the five-percent sales tax. As for electrical energy, the total amount of the tax is computed by the savings bank workers themselves.

[T. Fomina] A pertinent question is the redemption of state apartments. What does the statute say about this?

[V. Ivanov] When purchasing housing for his personal use, the apartment renter pays a state duty. Inasmuch as this is also a tax, the second tax—the sales tax—is not collected from him.

We have come up against a situation in which, in commission stores and commercial stores, there has been an attempt to collect the tax, although that contradicts the regulations. Items sold through those stores are not subject to taxation.

[T. Fomina] Many children and adolescents attend paid clubs, sections, and studios at cultural-educational institutions and at stadiums. Is the instruction provided to them subject to the tax?

[V. Ivanov] No. However, when children stay in children's institutions, the payment is made with a consideration of the tax.

[T. Fomina] We have been receiving telephone calls with questions about the sale of bonds, lottery tickets, and sanatorium and other trip tickets.

[V. Ivanov] The tax does not extend to securities, promissory notes, or treasury or other tickets. Nor does it extend to a trip ticket that has been issued gratis. But if you pay 30-percent of its value, the tax applies to specifically that amount.

[T. Fomina] People have also asked a question about glass jars.

[V. Ivanov] In this regard, everything has been stated clearly. The customer pays only the cost of the output, not including the glass jars.

[T. Fomina] Do we have to pay anything extra when buying tickets to theaters or the movies?

[V. Ivanov] No. The sale of tickets to events sponsored by theatrical, sports, and cultural-educational institutions and motion-picture theaters is not subject to taxation.

The instructional guide issued by the country's Ministry of Finance stipulates that the republic governments can grant additional benefits with regard to socially significant consumer goods. At the present time the Ministry of Finance is developing a list of those services and products which we feel should be exempt from the sales tax on the territory of Kazakh SSR. All the ministry departments are engaged in this matter. The more rapidly the other ministries and departments provide Minfin with their recommendations and justifications, the more rapidly we will submit our recommendations to the republic's Cabinet of Ministers.

[T. Fomina] If it is not a secret, could you say specifically what recommendations have already come in?



[V. Ivanov] Well, for example, this question. I said previously that a distance of more than 50 kilometers is served by long-distance transportation, and for that reason a ticket is subject to the sales tax. But what is that distance for Kazakhstan? We have farms that are situated hundreds of kilometers from the rayon center. Are these long-distance shipments or suburban ones? It is necessary to study this matter.

There is one other question. You called on the telephone in December 1990, but you did not receive your bill for payment until January 1991. You are required to pay the tax, since the December 1990 service falls within the 1991 plan and therefore is subject to taxation. The mechanism has not yet been worked out.

Take, for example, the rendering of funeral services, such as the manufacture of monuments and fences. In our opinion, these services also should be provided on preferential terms.

Or the question of the lottery with money and goods as prizes. Let's assume that a person has won a car. The car has arrived at AvtoVAZ [Plant] with the tax already paid. AvtoVAZ must recoup its expenses, inasmuch as it has lost a definite amount of money. What to do? Is it necessary to require the person to pay that amount, or not? The instructional guide does not stipulate this. Obviously, we should establish preferential terms. Or at least to locate somewhere the money for the sales tax.

There are a lot of other questions that we are forced to resolve, so to speak, as we go.

## REGIONAL DEVELOPMENT

### Peasant Movement Progresses in Kyrgystan

#### President Akayev Addresses Congress

914B0136A Frunze SOVETSKAYA KIRGIZIYA  
in Russian 25 Nov 90 pp 1-2

[Article comprising address of A. Akayev, president of Kirghiz SSR, in the founding congress of the republic's Peasant Alliance: "The Land Is Longing for a Master"]

[Text] Dear peasants and all farmworkers in Kirghizstan! I warmly congratulate you on the founding congress of the republic's Peasant Alliance! Allow me to express the warmest sentiments which I feel for you.

The birth of a sociopolitical Alliance of Peasants, for the first time in Kirghizia's history, is an event of immense importance and a consequence of the policy of perestroika and democracy.

There is a great deal that can be said about agriculture. The main thing is that this sphere is the one most necessary to the people because it is agriculture that provides food to the population and raw materials to industry.

Today, 46 percent of Kirghizia's output comes from the branches of the agroindustrial complex, and 62 percent of the republic's population lives in rural areas. In other words, agriculture is the basis of the entire economy, and all our efforts depend directly on this sphere.

In spite of certain changes that have taken place recently in agriculture, its condition still causes concern and is not meeting the requirements of the times. And although we are so rich in all kinds of challenge Red Banners and awards, the republic's per capita consumption of the principal foodstuffs is barely half of the union level. The trend is toward a decline in the output of agricultural products. Whereas in the first 10 months of last year 485,000 tons of milk were sold to the state, in the current year this figure was 466,000 tons. The situation is the same with meat production. Whereas of 1 November 1989, 221,000 tons of meat had been sold, only 195,000 tons had been delivered over the same period of 1990. If we go on this way, where will it take us, how will we supply foodstuffs to the population?

The situation in the food branch of the republic's agroindustrial complex is particularly disturbing. These production operations are operating at a loss because sufficient use is not being made of the existing potential and advanced know-how and they do not meet the relevant conditions for quality processing of agricultural products.

It is a very important task today to thoroughly analyze the state of affairs in every branch of our agriculture to make an appropriate assessment of them, and to achieve a high level of discipline and responsibility everywhere.

Comrades. As you are aware, the entire country, including Kirghizia, is going through a special period in its history. This is the transition to a market economy. Multinational Kirghizstan is binding up with the market economy its future and its destiny. This is a very complicated matter. Assertions, then, that we can make the transition to the market painlessly and by shouting "Hurrah" have little substance.

To tell the truth, many of those whose job it will be to realize in practice the principles of a market economy, our peasants, do not have a full understanding of the ways of achieving a market economy. If the people are not aware of the foundations of market economic activity, then on whom will we rely in performing this task? So that our first step must be directed toward familiarizing the population with the essence of a market economy thanks to the efforts of scientists and specialists. Only when the broad strata of the population are consciously supporting the idea of a market economy and perceive it as their vital concern can we anticipate success.

Accordingly, I want to share some of my views with you. The transition to a market economy must not adversely affect our people's standard of living. Should that occur, the people may not understand us and may turn away from the market. That is why we must be concerned to create economic, social, and legal guarantees to protect the workers from the unsparing effect of the market.

Extensive use of the potential of agriculture is a demand of the times. We need to assimilate more boldly such progressive forms of economic activity as private farming, the peasant farm, and the family and brigade contract. Reality itself will demonstrate their superiority. In this important matter, we cannot operate by the method of coercion, we cannot forcibly impose this or that form of farming on the population. Here, the peasant has the last word. In short, the republic's leadership will support and help in every way all those initiatives which try to help agriculture to move forward.

At the same time, it is time to put an end to the groundless criticism of the kolkhozes and sovkhozes. Why must we set private farming against the kolkhoz or sovkhoz? They should complement one another and demonstrate their capabilities and potential in an open and honest competition based on effort.

The private farming of the peasant is a particular issue. This is the central question. According to available data, the private sector accounts for only 4.5 percent of the republic's planted area. However, in spite of that fact, the private sector supplies 25 percent of the republic's wool, 35 percent of the milk, potatoes, eggs, and vegetables, 40 percent of the meat, and 75 percent of the fruit. This is very instructive.

Consequently, we need to bring about all the conditions for development of this type of farming. In other words, we need to be more decisive in allotting land to the peasants, in supplying them water and fertilizer, in

supplying feed to the private farmyard, and in future this will become a good basis for private farms and peasant farms.

It would take no particular intelligence to dissolve and liquidate the kolkhozes and sovkhozes. Breaking is not building. Our task is to help the weak farms and give the stronger ones an opportunity to perform.

Another important problem. As of today, 122 farms in the republic are operating at a loss and are carrying a large debt to the state. There are those who think that these kolkhozes and sovkhozes immediately need to be sold to anyone who wants to buy them. But let us think this problem over carefully. Perhaps it is not only the kolkhoz members themselves who are to blame that 122 farms have gotten into difficulty? Perhaps other factor have played a negative role here? Is it necessary to sell off these farms, to break them up, or to help them in a more sensible way? For example, free them of debt to the state? Provide them qualified personnel? It seems to me that if it takes a sound approach, the republic's government might provide answers to these questions.

I will dwell on the question of land. It is no accident that a man refers to his homeland as his land, the place where he was born and grew up. Without it, there is no people, there is no life. When the question of land arises, then, it is our duty to be fully responsible. We are responsible for the shape in which we turn it over to our subsequent generations.

I say all this because recently appeals have been issued to give away and sell the land into private ownership. This is fundamentally wrong. The republic's total area is 20 million hectares. Of that, only 1.3 million hectares, that is, six percent, are cultivated. The rest is made up of mountains, forests, and bodies of water. For each inhabitant of the republic, there is one-fifth of an acre of irrigated land. In Osh Oblast, it is even less—thirteen-hundredths of an acre. The question is, then, what part of this is to be sold?

That small plot of land which down through the ages has been preserved and protected as the apple of their eye by the best sons of the Kirghiz people should we now sell off in an instant? No. We will not allow that. It can be turned over for temporary use. And this issue must be decided by the people. It cannot be decided declaratively, by means of pressure or instructions from above. If you find what I have said to be correct, then we need to reassess the laws on the land, on ownership, and on leasing adopted in the April session, which were adopted without thorough study, in haste. And for the present, perhaps, suspend the effect of these laws.

Comrades. Without a scientific basis and scientific study our agriculture will not be able to move forward significantly. The republic's sector science has been doing quite a bit to boost our agriculture. Just take development of systems for carrying on agricultural production, advanced work methods, the work on selection, on improvement of the condition of pastures, grazing

grounds, and so on. But all of this is still insufficient. The main task here is to increase the effectiveness of scientific explorations, their return in practical terms.

Another problem. Conditions have to be brought about for purposive effort of all scientific, forecasting, and experimental organizations of the republic involved with agriculture.

I think that to this end it is time to open in Kirghizstan a department of the All-Union Academy of Agricultural Sciences.

At this point, I want to dwell on the problems of management of agriculture. The Peasant Alliance of Kirghizstan, which you have organized, must truly become a public organization and conduct its affairs freely and within the framework of legislation. That alliance needs first of all to boldly protect the interests of its members coming from farms, enterprises, personal farms, and other new organizations and promote the creation of diverse forms of farming, build up a stock of advanced know-how, and help those operating in the economy in every way to solve the problems that arise. Life makes it a necessity that the Peasant Alliance have a single governing body. That is your congress. It is advisable that your alliance not confuse itself with the executive bodies of the state, but operate on the principles of self-management. At the same time, close ties are needed between the Peasant Alliance and the ministries in the agroindustrial complex. Let us move on to the republic's State Committee for Agriculture and Food, which has had other names in the past. In our opinion, the institution guiding the agricultural sector must be called the KiSSR Ministry of Agriculture, which is short and clear.

In America, no one has changed the name of the Department of Agriculture in 128 years, since 1862. In Sweden, where socialism has really been built, and in Japan, they also have agriculture ministries. In short, it is not a question of what you call it.

The KiSSR Ministry of Agriculture must fundamentally alter its operation, get away from petty measures, and categorically refuse to take over direct command of kolkhozes, sovkhozes, and other economic structures. No one needs that. On the contrary, it is advisable to grant agricultural enterprises broad freedom.

The most important tasks of the republic Minselkhoz must be to carry on production on a scientific basis and to supply material resources, train up-to-date personnel and constantly improve their knowledge, provide kolkhozes, sovkhozes, and other agricultural enterprises, and also peasant and personal farms high-quality seed and livestock, do promotion, advertising, and publishing, provide professional help, and define the broad prospects of the sector and the state policy governing its development.

At the same time, on behalf of the fastest application of the advances of science, a special association needs to be

organized within the ministry. It must strengthen ties between production and science and become a kind of connecting bridge between them.

Of the republic's total planted area, only 848,000 hectares are irrigated, which is equal to only 2.3 percent of the entire area of Kirghizstan. But that irrigated land less than a million hectares, provides 93 percent of the output from the republic's cropping. To be sure, only now are we beginning to really understand how invaluable irrigated land is. The land and water, that is, go hand in hand, and it would be insanity to consider them separately from one another. It seems advisable to me in this connection to unify the ministries of agriculture and water management.

But the industry processing agricultural production must be separate because it contains too many specific features. The proper thing would be to create for this important branch a specific committee that would be directly subordinate to the republic's government.

This branch is important because one-third of all the agricultural products produced are lost in the process of loading, storage, and processing. You tell me any other country where that kind of wastefulness is possible?

On the future of agriculture and the entire agroindustrial committee. We need to adopt a republic program on this important problem. We need to bring about the conditions necessary for normal conduct of affairs in agriculture, in its scientific support, in processing of its products, and for improvement of the lives of rural inhabitants.

To that end, it is advisable to resolutely strengthen the material foundation of the agroindustrial complex and increase the amount of funds allocated by the state accordingly.

The money envisaged must be used first of all so that agriculture has a full supply of drinking water, electricity, housing, and gas, and especially for road construction. At the same time, particular attention must be paid to construction of culture centers, schools, kindergartens, baths, hospitals, and other facilities for cultural and everyday services in rural areas and solve the problem of trade, transportation, and communications.

It makes sense to develop agricultural science at state expense. Because a scientific institution is not production, its invaluable virtue is its intellectual potential, which must work both for today and for tomorrow. Without specific government help, scientific research will not last long.

I want to dwell specifically on the problems of our animal husbandrymen, especially sheepraisers. On a recent visit to Issyk-Kul Oblast, I traveled to At-Bashinskiy Rayon, where I met and talked to agricultural workers and saw for myself how difficult and extreme are the living and working conditions of these people, and this cannot but affect their health.

In this connection, the leaders of local soviets, farms, and the relevant republic institutions must make more frequent visits to remote pastures, and they have an obligation to provide all necessary help to the herders working there.

After all, sheepraising plays an extremely large role in augmenting the wealth of Kirghizstan. For example, 35 percent of total income of agriculture comes from sheep-raising; it provides 95 percent of the profits of the high-mountain regions. In an average year, our republic realizes more than half a billion rubles in profit from the sheep-raising branch. But if the purchase price of wool were raised, this would greatly improve the economy of our kolkhozes, sovkhoses, and personal farms.

In my opinion, the republic government must thoroughly examine this question and resolve it to the advantage of the herders.

Another question. The present number of sheep in the republic, including those in private use, has reached 10.5 million. On the present territory of Kirghizstan, there were two and a half million sheep grazing in 1915, four and a half million in 1950, six million in 1960, and then, beginning in 1975, the sheep population exceeded 10 million. Is this enough or too much for us? Thought should be given to this by specialists of Goskomselkhoz and our scientists.

Something also needs to be said about the fact that in the last 30 or 40 years two of the nine million hectares of natural pastures have been completely degraded, three million hectares are on the verge of degradation, and the yield on the remaining four million hectares has fallen to half of what it was. The main reason for this is the excessive number of animals grazing on the pastures. Whereas in the country as a whole there are 50 sheep per 100 hectares of pastures, in our republic there are 120 sheep grazing. Because of the lack of feed and for other reasons, we have high mortality of livestock. In just 10 months of this year, we lost 1,027 million sheep and goats, or 142,000 more than last year.

There is the task of achieving a full supply of feed for socialized and private livestock and of regularizing pasture use and putting it on a scientific basis. Unless we protect our pastures, we will not be alternating between spring and summer alpine meadows and winter pastures; then even reducing the number of sheep will not be much help.

Under the harsh conditions of a market economy, sheep's wool will make it possible for us to strengthen economic ties with foreign countries and augment the republic's wealth. I will not exaggerate if I call Kirghiz wool pure foreign exchange. That is why it is our sacred duty to guarantee sheepraising's quality development in the future.

Here is something else I want to say in conclusion: There is an acute problem of the reception in the republic's capital, that is, accommodations and services, for



herders who work in rural areas and on rare occasions come to the city on business.

I recall that 15 years ago in Frunze they referred to the two-story hotel with courtyards that accommodated workers arriving from rural areas as the Peasant's House. Why not revive the Peasant's House now with the help of the public alliance being organized today and according to a special design? It should incorporate all the necessary conditions for the life and rest of the rural visitor.

Esteemed comrades. The immense importance of your first congress is above all political. Because this forum must become an important prerequisite for strengthening the unity of the Kirghiz people and for improving authentic friendship among all the nationalities living in our republic.

At the present difficult moment, it is only through our joint efforts that we will be able to cope with the exceedingly important and crucial tasks that lie ahead for us. It is no accident that the Kirghiz say: "Where there is friendship, there is happiness."

Once again I wish all of you and your families happiness, a peaceful constructive life, and good health.

#### **President Akayev Outlines Tasks**

914B0136B Frunze SLOVO KYRGYZSTANA  
in Russian 26 Feb 91 pp 1-2

[Article comprising the address of A. Akayev, president of the Republic of Kirghizstan, delivered on 21 February 1991 to the Peasant Congress in Frunze: "On the Current Problems of Agricultural Policy"]

[Text] Dear comrades!

I am addressing you, delegates to the Peasant Congress, and through you all the republic's agricultural workers in order to share my views on the state of affairs in our agriculture and the urgent tasks to improve it and to solve the food problem.

The economic situation in the republic remains complicated. The trend is continuing toward a sharp reduction of agricultural and industrial production, ties between economic entities and between regions have weakened essentially, contract discipline and production discipline are being violated, and there is a shortage of many goods and services. Since last year we have noted in the republic an appreciable decline in the production of foodstuffs. Production of meat and meat products is off more than 9 percent since 1989, the production of sausage products is off 13.4 percent, butter 9.8 percent, and canned goods of all types 8.7 percent. Sales of livestock and poultry in January of this year in the republic as a whole amounted to 60 percent of the volume of sales in 1990. Milk purchases in January in the republic as a whole were off 5,700 tons from the corresponding level of last year. Recent figures show that in the first quarter of this year milk purchases will be

10,500 tons and meat from livestock and poultry 13,400 tons below the level last year.

The good situation on the food front, unfortunately, was only apparent and was not achieved through real saturation of the consumer market, but by downward adjustment of our plans.

An extremely disturbing situation came about last year in animal husbandry. In one year, more than one million sheep were lost, and that is almost 9 percent of the total sheep population; more than 22,000 head of cattle were lost, 28,500 swine, and 6,000 horses. At the same time, they were forced on the farms to slaughter 537,000 sheep, 31,000 head of cattle, and 24,000 swine. No economy, however efficient it might be, can withstand such a heavy load of production losses. As a consequence of all this, the public is not being supplied with meat and meat products.

The problem of the grain supply is becoming chronic for us. Because of the shortage of grain produced ourselves, every year we are forced to import as much as 1.2 million tons of grain from outside the republic, and at the same time our own republic has for a number of recent years fluctuated within the limits of 1.6 million and 1.9 million tons. This situation could have disastrous economic consequences because in the context of low discipline concerning state deliveries we may not obtain all the grain to feed the socialized livestock population. The problem can be solved only by increasing the volume of grain we produce ourselves. The effort to conclude contracts in good time between grain producers and processing enterprises has an important role to play in this effort. Unfortunately, as of the present day only 48 percent of the intended volume of purchases is covered by the contracts concluded.

Preparation for spring fieldwork has essentially remained outside the field of vision of leaders at all levels. Political passions have turned the heads of many specialists and managers and torn them away from solving important economic problems. Unless these efforts are urgently taken under tight control, we will end up in an extremely difficult position during the summer period of farm work. Steps need to be taken toward a substantial strengthening of the material and technical base of grain production, seedgrowing, and supplying equipment for grain cleaning and drying.

The extremely adverse declining trend in the volume of agricultural production is a consequence of low performance discipline on the part of farm managers. No food programs will be carried out unless all decisions in the area of agricultural policy are specifically addressed and personal responsibility is taken for them. The social underdevelopment of rural areas is a consequence of economic problems in the agricultural sector. We are becoming witnesses of the growing migration of rural population, especially young people, to the cities. We cannot but be disturbed about the gene pool of our

people, which after all is formed above all in rural areas. Rural health care and rural culture are in an extremely difficult way.

That is how I see the situation in agriculture today. I will say it once: it is far from a crisis. What is the way out of the situation that has been created, what ways are there for overcoming the crisis?

I understand that the proposals which are being expressed concerning this vitally important issue may arouse mistrust and even irritation. That is natural because dozens of decrees adopted in recent years by party and state authorities to improve agriculture have not been carried out. Nor could they have been carried out because they did not deal with the main thing—property relations in agriculture, nor did they guarantee that the peasant would take an economic attitude toward the land, other means of production, and the results of his work. The task of transforming the peasant from a wage worker to a master of the land has gone unperformed year after year. It is these mistakes we are trying to avoid in our agricultural policy today. We have started to carry out a land reform in the republic. It is being carried out in stages, taking local peculiarities into account, as the materials of the land inventory become ready.

In the first stage of the land reform, during the period 1991-93, it is proposed that land being used inefficiently and land not being used for its stated purpose be used to form a special land fund of local soviets of people's deputies for the granting of land to peasant farms that would be created, to lessees, to agricultural cooperatives, and also to individuals for engaging in personal subsidiary agriculture.

In the subsequent stages of the land reform, as the land inventory is completed, it is proposed that a system be established covering the land of all landowners and land users.

The republic's Cabinet of Ministers has been set the task of defining the possible ways and forms of transformation of kolkhozes and sovkhoses operating inefficiently into associations of peasant farms and cooperatives, and also of allocating their land to lessees and peasant farms for growing gardens and orchards and raising livestock. At the same time, forcible dissolution of kolkhozes, sovkhoses, and other agricultural enterprises is not permitted.

The Law on the Peasant Farm was adopted in the last session of the republic's Supreme Soviet. Under that law, the land for operating a peasant farm is granted either as possession for life that can be bequeathed or in the form of a lease. The peasant farm independently organizes the production process, defines the directions of its activity, the structure and scale of production, the method of selling the product and the sales prices, and it disposes of the income and chooses its own partners in joint activity.

At the same time, I would like to say quite definitely that I am convinced that there are a number of reasons why it is impossible to make a large-scale transfer everywhere from sovkhoses and kolkhozes to independent peasant farms and leased farms. They include the absence of small machines, feed, fuel and lubricants, and the weak legal guarantees covering the activity of landowners and land users. But the main thing is that the habits of private economic activity on the land have been lost.

Kolkhozes and sovkhoses have recently been subjected to harsh criticism as forms of economic activity in the countryside, and on the whole the criticism is justified. As a matter of fact, over the many years of practice in kolkhoz construction there has been a serious deformation of economic, legal, and socioethical principles. Consequently, the work of the kolkhoz member now does not differ in a practical way from the work of a hired laborer: he has no economic freedom or effective motivation for his work. But I cannot agree at all with those who simply deny the idea of agricultural cooperatives in rural areas. The kolkhozes as a social institution have given and are giving the peasant a great deal. Such things as collectivist mutual assistance, jointly built public schools, hospitals, kindergartens, and many other things. The problem is to eliminate the shortcomings of the kolkhozes and retain their advantage. How is this to be done? I am convinced that there is one way to do this. Replace the hired labor of kolkhoz members with the work of economically free peasants. Turn the kolkhoz into a cooperative of primary cooperatives.

Everyone on the kolkhoz—the links, the livestock farms, the brigades, and the individual families—must work on the basis of business contracts: job contracts, the collective job contract, the family job contract, the lease, the contract on joint activity, the purchase-sale contract, the contract for future delivery, and so on. Here, there is economic freedom and economic responsibility operating.

It would seem that shared participation of peasants in creating agricultural cooperative ownership should be reestablished because it has obvious good points: It instills in cooperative members more responsible attitudes toward the means of production. When the principles of shared ownership are established, it is important to clearly regulate the question of cooperative members receiving dividends, especially when they cease to be members.

These views of mine, I think, might also be addressed to a considerable extent to the sovkhoses. And in general we should make a thorough study of the problem of transforming sovkhoses into kolkhozes. As a matter of fact, in 1989 profitability of sovkhoses averaged 23.4 percent in the republic, while that of kolkhozes averaged 36.4 percent. In 1990, these figures were 23.2 percent and 32.1 percent, respectively. I think that this is a convincing argument to support my proposal. Cooperation among private farmers and lessees is obvious in the production and processing of agricultural products, in

supply and sales, in the credit system, repairs, the servicing of irrigation and drainage systems and agricultural equipment, the operation of personal subsidiary farming projects, and so on.

Particular attention should be paid to conducting in rural areas a policy toward small business, including industry. The kind of policy we see for rural enterprise calls for creating in rural localities industrial development zones in which the state would build small industrial enterprises on a priority basis and would grant economic benefits in taxation and credit financing to all small forms of agricultural production and would give them priority in material and technical supply. An important component of such a policy ought to be ensuring the development of those types of production operations which are aimed at obtaining the end product. This would make it possible, first, to round out the technological cycle of production from producing the agricultural raw material to the end product, and second, it would guarantee the city a high-quality agricultural product ready for consumption. The coupling together of the economic interests of city and country must be guaranteed, above all, by economic methods and by the conduct of a specifically addressed social welfare policy. The building of the social infrastructure in rural areas must be seen as a most important condition for carrying out our entire agricultural policy. The building of roads, housing, hospitals, schools, and cultural institutions in rural areas must have the same priority as building economic facilities. The most difficult problem—the problem of investments, must in my view be solved by attracting outside capital, including foreign capital. Obtaining such investments is a quite realistic project, we only need to work on it.

I would like to single out the question of social welfare policy toward shepherds. These people are the custodians of our culture of animal husbandry down through many centuries, our historical memory, and the baton that is passed from one generation to another. There is no other way I can refer to the work of shepherds than as heroic. They work under incredibly difficult conditions, and they do their great work with modesty and dignity. And at the same time to this very day they have not received the attention of the state and society. I would like to announce that I have prepared a ukase whereby shepherds would have pension benefits, wage supplements, regional coefficients for high altitudes, sales of scarce goods for particular purposes, free prosthetic devices, a longer vacation, creation of boarding schools for children which would have a specific curriculum, and many other things. This will cost about 50 million rubles. However difficult the economic situation gets in the republic, these are outlays we must make, and we will do so.

These are my views on the way to get agriculture out of its crisis situation. These views are already being pursued and will be realized in relevant laws and ukases and other legal enactments. As the president of the republic, I am doing everything in my power to organize execution

of the relevant decisions of the state. But I want to say as plainly as I can that without strong support from below, without support of the Peasant Alliance, without your support, comrades, success cannot be achieved. Your alliance is not only an economic force, it is a great political force.

### Peasant Chairman Elected

914B0136C *Frunze SLOVO KYRGYZSTANA*  
in Russian 26 Feb 91 p 1

[Text] The second stage of the Congress of the Peasant Alliance of the Republic of Kirghizstan took place in Frunze on 22 February. The organizational matter of election of a chairman of the Peasant Alliance was taken up.

The text of the address of A. Akayev, president of the Republic of Kirghizstan, entitled "On the Current Problems of Agricultural Policy," was distributed in the congress.

A. Kydyrmayev, Kirghizstan minister of agriculture and food, spoke to the delegates. He talked about plans for development of agriculture in the republic and sketched out the range of problems facing agricultural workers.

Then the minister answered the questions of congress delegates and nominated A. Oruzbayev, director of the Scientific Research Economics Institute of Minselkhoz, for chairman of the alliance. The reaction of the delegates to this nomination was mixed. They nominated five other candidates as well. But by all appearances the delegates gave clear preference to N. Dzhumabayev, deputy chairman of the Panfilovskiy Rayon Agroindustrial Council. He was in fact elected chairman of the Peasant Alliance by majority vote. N. Isanov, prime minister of the Republic of Kirghizstan, spoke at the congress.

G.S. Kuznetsov, vice president of the Republic of Kirghizstan, took part in the proceedings of the congress.

### Dzhumabayev Defeats Oruzbayev

914B0136D *Moscow SELSKAYA ZHIZN* in Russian  
28 Feb 91 p 1

[Article by L. Kalashnikov: "The Peasant Congress of Kirghizstan"]

[Text] The second stage of the Founding Congress of the Peasant Alliance has completed its work in the capital of the Republic of Kirghizstan. The delegates of the peasants have elected a chairman of their alliance.

After a fierce campaign in which five good candidates were nominated for this position, the congress put two on the ballot for the secret vote: A. Oruzbayev, director of the Scientific Research Economics Institute and corresponding member of the republic Academy of Sciences, and N. Dzhumabayev, chairman of the Agricultural Council of Panfilovskiy Rayon. It is to the latter

that the delegates of the congress gave their preference by a substantial majority of the vote. Until quite recently he was skillfully managing one of the republic's farms.

## MACHINERY EQUIPMENT

### Fuel Shortages Plague Work in Ukraine

914B0144A Kiev SILSKI VISTI in Ukrainian  
19 Mar 91 p 1

[Interview with A. Pavlenko, deputy chief of the Main Committee for the Supply of Agricultural Equipment of the Republic's State Agroindustrial Committee, by B. Polishchuk: "The Spring of Empty Fuel Tanks?"]

[Text]

[Polishchuk] Anatoliy Andriyovich, last year the fuel situation caused the rural workers many problems. Now they are writing to the editorial board and asking with alarm if this spring will be the "spring of empty fuel tanks."

[Pavlenko] On the whole, the stores of fuel allotted to the agro-industrial complex should be sufficient, but everything will depend on how well we are supplied with the fuel itself. Presently we have 156,000 tons of gasoline (last year at this time we had 134,000 tons), and 574,000 tons of diesel (last year we had 578,000 tons). That is enough gasoline to operate the equipment for 11 days and enough diesel for 26 days. So we do not have much. Especially of gasoline for automobiles.

[Polishchuk] Why is that?

[Pavlenko] The same old problems. Ukrnaftoprodukt (Ukrainian petroleum production) systematically interrupts planned delivery of fuel to the farms. Over 11 days in March alone 16,000 tons of gasoline and 23,000 tons of diesel were not delivered. An especially difficult situation is occurring in the southern oblasts, where the farm workers will be the first to go out—and in some places have already gone out—into the fields. Vladislav Fedorovich Krynskiy, the head of the department of fuel and petroleum products of the oblast committee for agricultural supply, has arrived here on official matters, and he can tell you in more detail about the situation that has arisen in the Odessa area.

[Krynskiy] These days the phones at the oblast committee for agricultural supply do not stop ringing. The farm workers are alarmed: Where is the fuel? It had been on the road too long. Over two months there were shortfalls in deliveries to the oblast of 4,000 tons of gasoline and 7,000 tons of diesel fuel. For March they owed us 3,000 tons of gasoline and 6,000 tons of diesel. The problem is not only with suppliers from the Russian Federation but also our own. Not a single ton of gasoline or diesel has been received from the Kirovograd Oblast administration for the supply of petroleum products. They are constantly leading us by the nose and cheating us. They said there are no tank cars. We made the

necessary arrangements with the railroad, but we still did not get any fuel. They have found any number of excuses, but that does not make it easier for the farm workers. Several of the rayons have begun field work, and a number of the farms only have one or two days of fuel.

[Polishchuk] Anatoliy Andriyovich, what about the State Agroindustrial Committee?

[Pavlenko] We are humbly petitioning Ukrnaftoprodukt, we are sending letters and telegrams everywhere, but nothing is helping. Throughout the so-called administrative system at the local level and within the Russian Federation itself people have been responding to the alarm bells. Economic, soviet, and party organs have been taking measures. It is anarchy today. And most of all it affects the farm workers.

[Polishchuk] In their letters to the editorial boards the machine operators write that the situation with lubricants is especially critical, even though there was no problem with them previously. What is the matter?

[Pavlenko] Those lubricants which are most widely used do not cost much and do not offer much of a profit. And the enterprises do not wish to produce them. So now the farms are compelled to waste scarce stocks of engine lubricants. If this continues long, we will be left completely without diesel lubricants before the harvest.

Errors in the operations of Ukrnaftoprodukt are adding to all the troubles. Its organs are unwilling to establish contracts for output even along direct ties. Confusion predominates among the suppliers—they change every month, and that does not contribute to the establishment of business ties with them. Ukrnaftoprodukt is trying to avoid concluding fuel delivery contracts for a quarter in favor of those for a less extended period of time. It is not profitable—its partners invoke sanctions and fines. In short, dictate of the department prevails.

[Polishchuk] Increasingly people are asking where the private farmer is supposed to fill up his equipment.

[Pavlenko] If he has concluded a contract for the sale of goods with a farm or state purchasers, the kolkhozes [collective farms], sovkhozes [state farms], or rayon petroleum bulk plants must service him.

[Polishchuk] That is theoretically. But what about in practice? Imagine a situation: the kolkhoz itself has very little fuel. Which is it going to fill first—its own tractor or that of a private farmer?

[Pavlenko] Its own.

[Polishchuk] And if the private farmer did not conclude a contract with the kolkhoz for the sale of output? What will happen to him?

[Pavlenko] He will have to purchase fuel at retail prices.



[Polishchuk] Where? Drive 30 or 40 km to the rayon center? And who will take care of him there? Anyway, it is the villager's business to grow grain, not to waste time in a constant search, if not for fuel then for something else

[Pavlenko] This is a problem.

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**P.S. The villager is in great difficulties on all sides: with spare parts, fertilizers, equipment, and fuel. And we hope that he will be able to finish the sowing, raise the crops, and have an abundant harvest. Let us ponder the situation.**

## HOUSING CONSTRUCTION

### Statistics Reveal Poor Performance in Housing Construction

91P50172A Moscow *EKONOMIKA I ZHIZN*  
in Russian No 2, Jan 91 p 16

[Article by V. Yuryev: "Construction Paradoxes"]

[Text] Today it is possible to look in different ways at the work of our builders. On one hand, they rarely keep their promises about construction dates, and the quality of their work is not "of the highest." On the other hand, even under conditions of complete shortages of material and equipment the builders are managing to open up a large number of good quality facilities. Here, for example, are some interesting figures to look at.

According to USSR Goskomstat [State Committee for Statistics] preliminary data, 125 million square meters of housing were opened up in 1990. In 1989—128.9 million square meters. The actual volumes of construction for

1986-1990 (637.4 million square meters) exceeded the five-year plan by 7.4 million square meters. In comparison with the preceding five-year plan, the growth in the volume of housing construction comprised 15 percent. In the 11th Five-Year Plan growth was only five percent.

Nonetheless, these successes are in the past. Now very troubling trends are becoming apparant. During the course of 1990 the volumes of housing construction decreased consistently. USSR Goskomstat's latest official report also is no cause for rejoicing. In nine months of 1990, 67.7 million square neters of housing were opened up. The annual plan was fulfilled only 47 percent. In comparison with last year the volume of housing construction dropped eight percent.

It is no accident that the greatest lag in fulfilling the annual program for housing construction occurred in the "hot spots" of the country. In Georgia it was fulfilled 28 percent, in Estonia—31 percent, in Moldova—34 percent, in Lithuania—37 percent, and in Latvia by 39 percent.

## ENERGY COMPLEX ORGANIZATION

### Halt of Tatar AES Construction Spawns Unemployment Committee

914E00794 Moscow *RABOCHAYA TRIBUNA*  
in Russian 13 Apr 91 pp 2,3

[Article by Lev Ambinder (Kamskiye Polyany-Kazan): "The Nuclear Collapse Has Brought a Deathly Silence to the Tatar AES Construction Site, It Covers the Village, and It Tears Families Apart"]

[Text] The Committee of the Unemployed, the creation of which in Kamskiye Polyany was disclosed last spring, was registered at the local settlement soviet on 21 February. Elections of chairman and confirmation of a charter—all of it as the people wanted. The republic's mass-information media quickly spread the news about the registration of the unusual committee. For the first time in Tataria!

"Finally, our unemployed have found a juridical person," I was told by N. Tuykin, the young chairman of the local Soviet authority.

Why not, a person—this is good. And how, and it is at work... But with it, seemingly everything is also taking shape gloriously? Committee members have not managed to hold a first protest meeting against unemployment and on behalf of most rapid solution of the fate of the closed-down Tatar AES [nuclear electric power station] construction project, inasmuch as USSR Minatomenergoprom [Ministry of the Nuclear-Power Industry] and USSR Minenergo [Ministry of Power and Electrification] have published a joint directive about a reconfiguration of Kamskiye Polyany. Another—a thermal station—will be raised on the site rejected by the community and the republic's parliament. "Based on fossil fuel," the directive said.

And thus the problem which has agitated Tatarstan residents for three years now, which has promoted state and nationality consciousness in the republic in no small degree, and which has known neither right nor left has been solved amicably? And the first committee of the unemployed for hundreds of verst in the Kama region has barely had time to proclaim that, thanks be to God, it remains without work?

But why does the voice of committee chairman Natalya Igosheva, mother of four children, tremble so when she quietly berates me, "We are outcasts in our own country. Everyone has abandoned us." (She says this while looking me in the eye, as if hoping to read there the opposite: That's all wrong, true? Changes are not far off?) And why is AES Director F. Fayrushin categorical: "A thermal station is a dead end today..."? And why does L. Chashchin, former deputy director for capital construction, feel such assurance when he comments on the order by the two ministries: "This is an attempt to calm public opinion..."

In Kazan the future of Kamskiye Polyany would seem to be a settled matter after this order. But here, on the spot, it again loses shape and becomes blurred, turning into torpid, dazed indeterminacy.

We must not accept the hopelessness of the local unemployed in isolation from today's problems with the former construction project. The story of its closure is banal for current times. At the start of the eighties, after the descent of the builders' landing party, with the first pegs set close to the old village of Kamskiye Polyany, we were proud of it. But the Chernobyl tragedy forced us to take a look at the Tatar AES from a new angle. Suddenly it was clear that all these years they were erecting it without having an approved design. It was done by eyeball? Wait—there is more. It turned out that the region's tectonic, geological, and hydrogeological conditions had not been adequately studied, and scientists had very serious doubts about the correctness of the site's selection. Powerful protesting actions followed. A noteworthy detail of those days: in 1982 the Komsomol's obkom declared it a crash construction project, and six years later Kamskiye Polyany received the river landing of the "greens" that was organized by that same obkom. The protests of the public of Tatarstan and the neighboring oblasts along the Volga and the Kama led in 1989 to the stoppage of construction. Meetings examined the attitudes of candidates for deputy of every level. A "no" for the Tatar AES actually served as the password in the pre-election campaign. Last year industrial construction in the settlement finally died down. That was an impressive victory.

In the dust of the meeting's passions, pre-election frays, and debates in Tatarstan's Supreme Soviet, the eventual fate of the new Kamskiye Polyany and of the people who had settled it was pushed back each time to second priority. It is for people's fate when we fight the nuclear monster. This was the universal irritant, capable of stifling the angry fervor of nature's protectors. Again, it's on their conscience. And they prefer not to think about the local residents. And if it was still possible to be a good judge of those who were meeting, and the site actually is not the place for analysis and searches for alternatives, then why were the deputies and the executive authority silent? True, another question also arose. But what can it, the local authority, do? Prohibit the construction project? This was demonstrated indeed with crushing force. Erect a new complex at the old AES construction site? Hardly. And for whom? For the republic? But Kamskiye Polyany from the start was thought of as a Union facility. Without central organs, this is back-breaking work.

This allocation was made and after it came a settlement of 16,000, which today turns out to be without means for existence. The only breadwinner, the board of directors of the AES that was being built, still has not been eliminated, but it is no longer in a position to support the housing and all the cultural and household activity of the settlement. There is a debt of 150 million rubles on it (past credits must be paid back, but from what, from

what income?) but neither locally nor in the ministry is it known how and with what to cover it. The state treasury also is empty. Thanks in great part to decisions such as this. The situation of the general contractor—the Construction Administration of the Tatar AES concern Kamgesenergostroy [Trust for the Construction of Hydroelectric Power Plants on the Kama] is not much better. Having been left without a principal contract, its supervisors have hastened to seek work for the 5,000-man collective. The chief of the construction project came down with a heart attack, but the people were placed in jobs. The Kamskiye Polyanyers are now toiling at Chistopol, Nizhnekamsk, Naberezhnyye Chelni, and Yelabuga—40 kilometers and, at times, 100 kilometers from their stamping grounds. The administration urgently tightened up the budget estimate of the settlement's expenditures. Ordinary Kamskiye Polyanyers here felt the rigor of these measures. The bathhouse was the first to fall. It has been closed since March. No one is now taking upon himself the losses which it traditionally incurs.

Then it became clear that the new—the sixth—kindergarten will have to wait. The builders did not make up their minds to take it up on their books, although they erected it for themselves. Moreover, under threat of also closing other kindergartens. The managers appealed to the supervisors of the remaining enterprises—they pleaded that they share among themselves the expenditures on maintenance of the kindergartens. The offices preferred to remain silent. As V. Kobyakov, people's deputy of the Tatar ASSR, reports, the parents right now must decide either to keep their tots at home or to contribute R860 per year. The kindergartens for the present are living in debt, but no one knows how long this can continue and who will finally pay the bills. The kindergartens, meanwhile, right now are accommodating more than 2,000 children.

It is not exactly clear on whose account a multistory apartment house (300,000 square meters) will be maintained. Minatomenergoprom did undertake an attempt to transfer the settlement activity to local soviets. It fell through. The settlement soviet is as poor as a church mouse, and it was too much bother for the republic's housing and municipal services activity. And why was it too much bother for them? Operation of the boilerhouse alone would stop it! The railroad to the settlement still has not been finished, and the management imports mazut by motor vehicle, costing a fortune.

The unfinished construction of the AES is having the most painful effect. There is complete paralysis. Here is an enormous abandoned site and lifeless "neat-as-a-pin" carcasses. The boilers of the first reactor are not completely assembled, with the gigantic bucket of tower cranes, frozen like crosses, above them. Silence at a cost of R400 million. Only the motor pool and the boilerhouse (the same one that heats the settlement) are operating. Not far away are two villages for military builders. The barracks, dining rooms, and the club are empty.

There was a strained interpretation that held that the problem had not been discussed at all during these three years of struggle against the AES. On the contrary, a lack of good intentions to change the construction-site configuration never was sensed. However, the multiplicity itself of the options soon indicated the opposite—a superficiality of approach and the complexity of the problem. Even the opinion, then in great vogue, about siting here an ecologically clean machinebuilding enterprise (for producing heat-exchange equipment and pumps), or sets of brick plants, or canned-milk combines, and so on, smacked of Manilovism. With the initial reduction in industrial construction and the steady growth of uncompleted construction in the country, there was hardly any machinebuilding ministry that would take upon itself an unfamiliar burden—they were not in the mood for taking on fat....

All this time the specter of a thermal station loomed over Kamskiye Polyany. Apparently this is actually the only true solution. It meets the interests of the power engineers, the republic, neighboring oblasts, and the state. And, it would seem, the Kamskiye Polyanyers themselves. Recognition that the village probably would die if a new, large construction site was not started had grown up among some of them for a long time.

However, some of our agencies, as before, accepted the decision to reconfigure the station, but the choice of the type of fuel would be for others to decide. Games in "collective responsibility" and, even earlier, poorly effective people led to complete, unreserved irresponsibility in an era of collapse of the command-administrative system. In the spirit of the time, the center diplomatically proposed that the republic itself prepare a proposal about the fuel. The Tatarstan Sovmin, naturally, chose gas. And the answer received was, do not count on it. And mazut also was a "no." Drastic as it may be, there remained only coal. From Ekibastuz or Kuznetsk. But neither the republic's government nor the public agreed to it. Complete pollution of the Kama's lower reaches then would be inevitable.

Here it was AES director F. Fayrushin who said: "The thermal station is a dead end today."

Let us count it up: two years after the shutdown of construction, various agency levels began to stir into the Kamskiye Polyany problem impassioned rhetoric about the coming energy crisis and the impermissibility of nuclear power. The two-year tug of war has already cost the treasury a fortune. And the result: The order of the two ministries, again actually setting aside the question for the future?

This is why former Deputy AES director L. Chashechin was so categorical: "This is an attempt to calm public opinion."

Knowing Kamskiye Polyanyers estimate: even were there clarity on the fuel right now, it will still be impossible to develop the new construction project earlier than the end of 1993 or the start of 1994. A year for



developing a TEO [feasibility study], another for creating the design. And this is the ideal! The knowing ones have heard enough excellently, because the future proprietor of Kamskiye Polyany—Minenergo—after receiving back in October last year a government assignment to undertake a TEO, did nothing.

It was under these circumstances that the Committee of the Unemployed was born. They are intent on protecting their rights. And in so doing they expect that the people's hopes will not die! Thus the time of troubled meetings will pass, and the end of Kamskiye Polyany's black days will set in. The authorities will descend unexpectedly, construction equipment will stream forth, and the long-awaited easy life will twist and twirl.

And the husbands will return home to stay. I am not speaking about the husbands by chance. Two hundred of the unemployed who are associated with the committee are women. Two widows, several single mothers, the rest married. When they gave up on the nuclear power station, 18 subcontracting organizations quickly evacuated from the settlement. The men wandered off to cooperatives, or left to serve as rotating workers. But it proved to be more complicated with the women. Some also tried to master rotating duty. The children's husband and neighbors had to keep watch over the children, even in the road. For a week, for two weeks. But what kind of a life is this for a mother? Not one could stand it for more than a month.

"Of course, it is pitiful for all," I was told by the republic's sovmin, but these are women, understand, and they do not determine. "

But understand, if "these women do not determine. " The board of directors and the AES's construction administration—they are the driving forces—they still preserve their collective. The builders—through contracts at other places, the client—through the good graces of Minatomenergoprom. But for those families that have remained without work, where only the husband works, it is not easy.

There are also among the unemployed, I was reminded, those who even in better times were forced to sit at home. The fact is that Kamskiye Polyany is just repeating the drama of most of the new cities that have risen up beside an ordinary giant of industry. Teachers and medical workers, cashiers and bookkeepers, and women with many other vocations went to get husbands and apartments, being left later without a job. It is bad, of course, but this evil is inevitable, and consequently it is tolerated.

Think what you will, but it is in no way forbidden to take such a position. It is neither personal nor proprietary, if we are preparing to build something.

They told me stories that are simply blatant. A woman without work, three children, the husband got in an automobile accident. A leg was amputated, he should go to Kazan for a prosthesis—it was no use. There is

nothing at all to live for. This, of course, was an extreme case, a tragedy. Most of the families exist "more quietly." If the man is a rotating worker, this is not, as a rule, bad pay. Others are helped by old parents, if there are such, naturally. Or by the bankbook if, again, there is one.

One official of a Nizhnekamsk institution got these impressions from the first meeting of the unemployed: "I did not feel comfortable when a lady in a sheepskin coat, sable hat, and Turkish sweater went to the rostrum to speak in the name of the unemployed."

For we, it turns out, counted on seeing people who are completely starved, with a bag over their shoulder? Like the barefoot and shaggy grandfather in his undergarment, who even now earnestly looks out at us in museums, with a placard from the twenties: "Help the starving in the Volga region." Yes, none are starving, they are neat and tidy and they do not travel to the Nizhnekamsk second-hand market to sell what they are wearing. (Although if they did go, who would be recognized?) But is that the essence of poverty? They still talk—still!—not about empty stomachs but about the emptiness of the showerroom.

Family collapse began after breakup of the workers' collective. "The husbands return from rotating work eternally aroused—from jealousy, from the Yelabuga dormitory [obshchaga], and from bingeing. And I tremble, well, how can he abandon me, we have three young ones?" Last year there were 75 divorces for 117 weddings here.

If the husband works in the settlement, it is still difficult for the family. "He is a nuclear power worker by the grace of God, can you understand this? He was so torn up here, because he has to start all over again. And right now he does not want to live. He simply does not see any sense to it. His pay is 180rz [not further identified], he fixes heating equipment in basements because there is no other work. He is 30 years old and already he has no prospects. We applied to operating nuclear-power stations, but we are not needed. They have a long waiting list there for people like us."

These confessions could be continued. They are similar. I have not named names deliberately. Why so—even for family names? The wives have asked for it. They are afraid. A big construction project starts, the local offices are restored, and suddenly they set about to finding out, who was the first faultfinder here? This fear has appeared. Except that construction worker and diffident leader of the unemployed Natalya Igosheva is not hiding attempts to become a milkmaid. (Her husband is a communications worker, his pay is 170, and there are, I recall, four children). Natalya was sent to the livestock department, which stands at the edge of the settlement. The mud is knee deep, and the women, who are getting on in years, carry the cattle feed manually. She met an old woman: "You do not drink? Then leave, daughter. You will not last long here sober." And ten kilometers

from Kamskiy Polyany stand incompletely built reinforced-concrete mansions for 600 cattle. Opposite the mansions are red stone cottages, a kindergarten, and a store. Also not completely constructed, everything abandoned by Nizhnekamsk's builders to the sound of the noise of the struggle with the nuclear threat.

You listen to these stories and again you return to the question: where are the deputies looking, why do they not strike the bells? They are the last hope of the Kamskiy Polyanyers! Can the livestock-breeding complex and its settlement (a facility to be transferred, as it was listed in the AES title) be completed, given our bitter lack of housing and foodstuffs?

It would be nice to be mistaken, but during the current discord in the economy and in the political struggle for the fate of the Kamskiy Polyanyers, the AES similarly is still also leaving its mark. The forcible-detachment reaction continues. We still would like simple solutions. The nuclear-power station has been closed, the victories have been won. What are the problems?

In Kamskiy Polyany, for sure, the danger of this boycott is exaggerated, repeating rumors that children with a local residence permit now will not even be accepted in the Kazan university. But indeed this is a fact: at a meeting of the unemployed, only two of the ten Tatarstan people's deputies who were invited showed up. And this is a fact: no reaction followed the appeal of the settlement's soviet to the deputies, enterprise collectives, social organizations, and ordinary citizens which was published in the republic's press on the day of work of a session of the TSSR Supreme Soviet. And indeed that was the soul cry of the Kamskiy Polyanyers. It told there about the impoverished financial situation, about the threat to close the kindergartens. They did not listen. They did not want to listen? In four months not a ruble has come into the special rescue account that was established.

Is it possible that we have become hard-hearted?

"We must all learn still more about how to overcome our 'Kamskiy Polyany syndrome,'" chairman of the settlement soviet N. Tuykin told me.

What degree of collapse should we reach before we understand this?

## ELECTRIC POWER GENERATION

### 1990 Nuclear Plant Incidents Summarized; Moscow Oblast Hotspots Mapped

41WN0321A Moscow *RABOCHAYA TRIBUNA*  
Russian 6 Feb 91 p 2

Article by Natalya Kozlova and Yuriy Rogozhin, including interview with N. Shteynberg, deputy chairman of the USSR State Committee for Oversight of the Nuclear Power Industry: "The Chernobyl Syndrome"

[Text] According to figures of the USSR State Committee for Oversight of the Nuclear Power Industry, last year 17 nuclear power stations were in operation. Forty-five generating units employing various types of nuclear reactors were being operated at them. Reactors of the VVZR type, similar to those used abroad, have become the most common in recent years.

Over the course of the year 139 unplanned stoppages of reactors occurred at the nuclear power stations.

The statistics can be followed from the table.

Nuclear Power Stations	Number of Generating Units	Stoppages
<b>VVZR-Type Reactors</b>		
Balakovskiy	3	4
Zaporozhye	5	7
Kashirskiy	2	1
Kola	4	5
Novovoronezhskiy	3	7
Rosolovskiy	3	1
Khmelnitskiy	1	5
Southern Ukraine	3	2
<b>RBMK-Type Reactors</b>		
Ignalina	2	5
Kursk	4	1
Leningrad	4	1
Smolensk	3	5
Ungvarskiy	2	5
<b>Other Types of Reactors</b>		
Belovarsk	1	1
Bilibinsk	4	1

The causes of unplanned stoppages were broken down by percentage as follows:

- unsatisfactory quality of manufacturing—24.5 percent
- design flaws—17 percent
- mistakes by personnel—31.5 percent
- other causes and unexplained causes—23 percent

N. Shteynberg, deputy chairman of the USSR State Committee for Oversight of the Nuclear Power Industry, answered the editors' questions.

[Kozlova and Rogozhin] How did the quality of the operation of nuclear power stations change in 1990 compared to the previous year?

[Shteynberg] Unfortunately, the number of unplanned stoppages increased by 17 percent. Another index—the average frequency of stoppages per generating unit—also got worse (it was 3 in 1990, as opposed to 2.6 in 1989).

[Kozlova and Rogozhin] To what is that attributable?

[Shteynberg] Nuclear power engineering cannot be separated from everything that is happening in our society: discipline is declining, and the quality of the equipment and spare parts delivered to nuclear power plants is deteriorating. Constant changes in the economic management system are not having the best effect, either. Moreover, nuclear power engineering has its own specific problems. I have in mind the antinuclear movement, which last year for some reason started taking actions against the personnel of some nuclear power stations. Thus, in July a blockade of the Khmelnytsky Nuclear Power Station was organized. Demonstrations demanding that stations be closed have been held at the Balakovskiy and South Ukraine nuclear power stations. The situation at the Ignalina Nuclear Power Station has become aggravated.

People should understand that whipping up an intolerant atmosphere around nuclear power plants has a very bad effect on personnel, and that means it affects operating safety.

[Kozlova and Rogozhin] Tell about the most serious incidents at nuclear power plants last year.

[Shteynberg] Before answering that question, I would like to remind you that the seriousness of incidents at nuclear power plants is measured on a seven-point international scale.

Since the adoption of this scale of measurement, of the 82 incidents occurring at nuclear power plants from 1 September through 31 December, the majority (56) were rated zero, as not affecting the power plants' safety, 24 were rated as insignificant (first-level), and only two were classified as incidents of moderate gravity (second-level). Those are the ones I will tell you about.

On 8 September at the first generating unit of the Ignalina Nuclear Power Station, the safety valves on the reactor's first loop were opened because of personnel error. The steam released from the valves was absorbed

by the confinement system, and therefore there was no discharge into the environment or exposure of personnel radiation. The serious of the incident lies in its potential danger.

On 9 October nuclear fuel was being loaded at the first unit of the Zaporozhye Nuclear Power Station. Because of a defect in the loading mechanism, the cassette containing fresh fuel was damaged. Although in this case there was no danger of radioactive contamination, the very fact of a defect in the loading mechanism was justifiably assessed as a fairly serious incident.

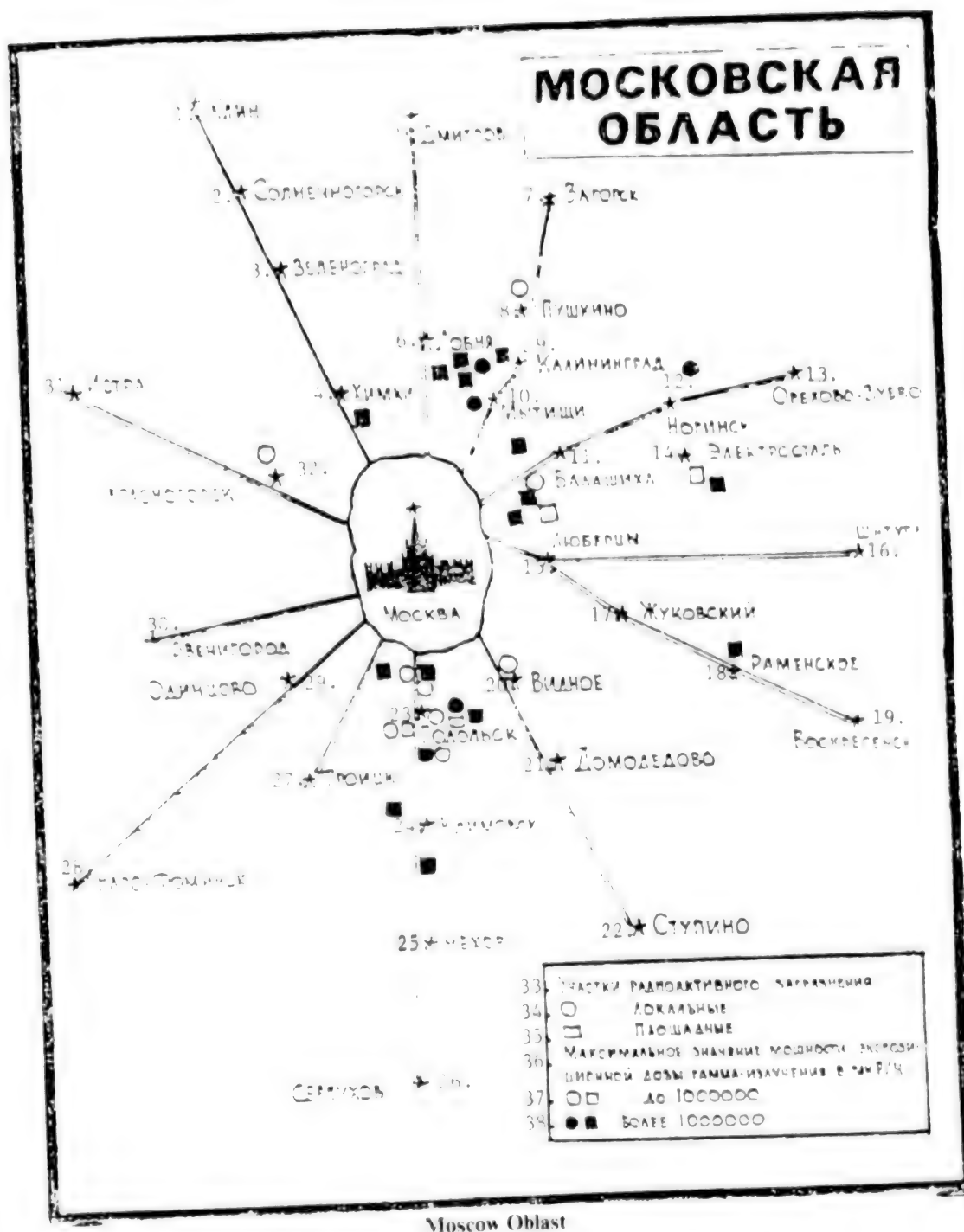
[Kozlova and Rogozhin] Allow us now to ask you a question that seemingly goes beyond the framework of our discussion. What is the safety situation on ships in the nuclear fleet?

[Shteynberg] Last year there were 11 shipboard nuclear generating units on six icebreakers and one lighter-aboard ship. On the whole this equipment performed fairly dependably and created no serious problems for fulfillment of the navigation plan. But isolated incidents did occur, and we need to talk about them.

On the Sibir nuclear icebreaker there were seven cases in which the seals on steam generators were broken. A commission of the USSR State Committee for Oversight of the Nuclear Power Industry banned operation of that icebreaker's power units until the defective steam generator had been replaced. We also banned operation of the nuclear reactor on the starboard side of the Artika until the active zone of the starboard reactor is replaced.

There were not any other cases in the nuclear fleet that were important from a safety standpoint.

**We continue our publication of maps of radioactive contamination of the union-republic capitals and the country's industrial centers. Today we have obtained a map showing the location of dangerous points in Moscow Oblast**



Key:  
1) Klin, 2) Solnechnogorsk, 3) Zelenograd, 4) Khimki, 5) Dmitrov, 6) Lobnya, 7) Zagorsk, 8) Pushkino, 9) Kalin ngrad, 10) Mytishchi, 11) Balashikha, 12) Noginsk, 13) Orekhovo-Zuyevo, 14) Elektrostal, 15) Lyubertsy, 16) Shatura, 17) Zhukovskiy, 18) Ramenskoye, 19) Voskresensk, 20) Vidnoye, 21) Domodedovo, 22) Stupino, 23) Podolsk, 24) Serpukhov, 25) Chekhov, 26) Naro-Fominsk, 27) Troitsk, 28) Naro-Fominsk, 29) Odintsovo, 30) Zvenigorod, 31) Istra, 32) Klin, 33) Sectors of radioactive contamination, 34) Localized 35) Dispersed, 36) Maximum exposure dosage of gamma radiation, in [illegible] roentgens/hour, 37) up to one million 38) more than one million



**Official on Prospects for Nuclear Power in USSR**

LD2304180291 Moscow TASS in English 1112 GMT  
23 Apr 91

[By TASS correspondent Vladimir Yegorov]

[Text] Moscow April 23 TASS—"Despite the crisis of confidence in nuclear power stations, the future belongs to them in ensuring the country's energy supply," said Viktor Sidorenko, USSR first deputy minister of atomic energy and industry.

He was addressing the international consultative meeting "Nuclear Energy, Trade Unions—A Look to the Future," which is in its second day in Moscow. The meeting coincides with the fifth anniversary of the Chernobyl nuclear disaster. It is being attended by heads of trade unions of nuclear industry from Hungary, Poland, the USSR, France, Czechoslovakia, Sweden and Japan. Specialists in power generation were also invited.

"The accident at the Chernobyl nuclear power station disrupted mutual understanding between the public and nuclear scientists and workers at plants manufacturing nuclear equipment," Sidorenko said. "Meanwhile all Soviet nuclear stations, both operating ones and those currently under construction, have effective systems for protection from radiation so that the disaster cannot be repeated."

"A paradoxical situation has formed: the public prohibited the construction of those nuclear stations that have perfected reactors suiting world standards. For instance, as regards nuclear thermal power plants in Voronezh and Nizhni Novgorod, their project has been highly assessed by IAEA [International Atomic Energy Agency] experts."

Noting that opposition to nuclear power plants exists not only in the Soviet Union, Sidorenko said that only the open exchange of information can quiet the people's concern and fear.

He said that the journal *ATOMIC ENERGY* will be launched in the USSR. Its purpose is to influence the public, reversing its negative attitude to developing nuclear energy, popularise advanced experience and technological achievements and involve the broad public in the solution of ecological problems. The journal's editors wish to exchange information with colleagues abroad.

"The anti-nuclear campaign constrained the potential of Soviet nuclear power plants, which will increase by only 3-4 million kilowatts," Sidorenko said. "But we hope to overcome the psychological barrier in the minds of our compatriots and convince them that there is no alternative to nuclear energy. In any case, we continue to work on reactors of the new generation, which must constitute the basis for the country's energy system at the beginning of the 21st century."

## Trade Union Confederation Plenum Convenes

### Plenum Resolution

*VIKTSN Moscow TRUD in Russian 12 Apr 91 p 1*

[Resolution Issued by the Second Plenum of the USSR GCTU (General Confederation of Trade Unions) Council: "On the Present Situation and Tactics for Trade Union Actions"]

[Text] The plenum of the USSR GCTU Council expresses its grave concern with regard to the society's crisis, the rapid disintegration of the economy, and the decline in the people's standard of living.

The mounting wave of demands from the workers, the miners' strikes, and the conditions leading up to strikes in many sectors and regions attest to the lack of confidence in actions by legislative and executive authorities.

In spite of the trade unions' repeated appeals to the President of the USSR and the country's government to take steps to stabilize the economy, a clear-cut program to get out of the crisis has not been drafted to date.

In assessing the situation that has been created, the plenum demands that the President of the USSR, the supreme soviets of the USSR and republics, the USSR Cabinet of Ministers, and the republic governments resolve the following top-priority problems:

1. Immediately increase the minimum amount of the compensation for the actual loss of people's incomes resulting from the rise in retail prices and rates for services and obtain the funds needed for these purposes.

2. Increase the wages of workers and employees in all sectors of the national economy in stages within a year by no less than 10 to two times as much.

3. Confirm the level of the subsistence minimum as the basis for determining the minimum wage, pensions, stipends, and allowances for the USSR as a whole and republics and regions by no later than this April.

4. Prepare a wage reform in 1991 in order to increase its role as an incentive and implement it on the basis of the cost of manpower in the labor market beginning in 1992.

5. This April, resolve the problems related to:

—the source of compensations for the rise in food prices for workers in the dining rooms (snack bars) at their place of work, and

—the allocation of funds from republic and local budgets to reduce the prices of food for pupils and students in the dining rooms and snack bars of educational institutions.

6. Pass legislation no later than this May on the indexing of people's incomes in connection with the rise in retail prices.

7. This April, resolve the problems related to:

—abolition of the 5-percent tax on sales and public services,

—abolition of the 1-percent tax on workers for the Pension Fund,

—the exemption from taxes of capital in the consumption fund used for the social development of labor collectives and sanitation, popular culture, and athletics,

—the exemption from payment for the land used by sanatoriums, rest homes and bases, and children's health camps, and

—exclusion from income tax of the sums received by workers and employees in the form of preferential vouchers for treatment, rest, and excursions, reduction of food prices in dining rooms (snack bars) in enterprises (organizations), payment for the fare to one's place of work (and return), and other social benefits.

8. Provide compensation for the increasing expenses to maintain sanatorium, health resort, cultural and educational, athletic, extracurricular, and other institutions and organizations financed through trade unions' budgets and social insurance.

Increase the 1991 deductions for the Social Insurance Fund of the USSR up to seven percent of the wage fund, in view of the retail price reform, through assets of the stabilization fund.

9. Approve the state public employment program no later than June 1991 and provide for the establishment of regional employment services without delay.

Include the demands mentioned in the draft agreement between the USSR GCTU and the USSR Cabinet of Ministers for the current year and provide for its legalization within three days.

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Agree to the proposal by the Presidium of the USSR GCTU Council to establish a conciliation commission together with the USSR Cabinet of Ministers for the day-to-day review of critical and urgent problems related to the workers' social and economic situation.

The Presidium of the USSR GCTU Council is to be charged with approving the staff for the commission from the trade unions and organizing its work within three days.

The plenum calls upon trade union organizations to uphold the position of the USSR GCTU Council with respect to basic socioeconomic and legal questions under the conditions of the economy's transition to market relationships.

In order to reach the goals that have been set and coordinate trade unions' actions, the USSR GCTU Council recommends the following ways to stand up for the workers' interests:

- trade unions' participation in the development of a socioeconomic policy which provides for the protection of workers, labor veterans, the disabled, women, and young people and improvement in working and living conditions and the ecology. Suggestions should be sent to organs of authority, governments of the USSR and the republics, and state and local administrative organs on appropriate legislation and programs.
- close cooperation and interaction in resolving these matters with people's deputies of the USSR, the republics, and local soviets, units of the workers movement, parties, and public organizations which give voice to and defend the rights and interests of the workers, peasants, employees, and the intelligentsia.
- extensive publicity of the trade unions' position.
- discussions of problems which arise, including by the establishment of conciliation commissions with state and local organs of authority and administration.
- the conclusion of agreements and collective contracts which provide for legal and socioeconomic protection of the workers; and
- the holding of days of unity in collective actions, meetings, rallies, demonstrations, and other forms of action by trade union organizations

Support the initiative of the FNPR [presumably: Federation of Independent Trade Unions of Russia], the Moscow Trade Union Federation, and other trade union associations in conducting collective actions of trade union unity in April and May

Membership organizations of the USSR GCTU should organize meetings and rallies in support of the current plenum

A Day of Collective Actions by trade unions in the struggle for workers' interests is to be held on 1 May

The plenum considers it necessary to step up work to form solidarity funds and it appeals to trade union organizations to allocate the funds needed for these purposes

The plenum appeals to the country's workers to put part of what is earned in subbotniks [days of voluntary unpaid work] into the trade union solidarity fund, it will be used to provide assistance to trade union members including in the course of a strike

Trade union budgets should be reoriented exclusively for functions to protect trade union members and popular cultural and athletic facilities should be financed through state sources

The plenum of the USSR GCTU Council considers it necessary that the President of the USSR, the USSR Supreme Soviet, the USSR Cabinet of Ministers, and the supreme soviets of the republics take effective steps in April and May, making use of all their legislative and executive authority, to prevent the breakdown of the economy and increase the production of consumer goods, primarily food products

An All-Union contract should be signed during this same period of time

The USSR GCTU Council reserves the right to organize the workers' struggle, with the legal funds accessible to trade unions, for the demands set forth to be met

### Chairman Shcherbakov Speech

914F0185B Moscow TRUD in Russian 12 Apr 91  
pp 1-2

[Report to USSR GCTU Council Plenum by GCTU Chairman V.P. Shcherbakov: "The Trade Unions' Tough Demands Are Dictated by the Emergency Situation"]

[Text] Dear comrades! The Presidium of the GCTU Council made the decision to hold a council plenum in order to quickly plan the tactics for collective actions by the council, member organizations, and the USSR General Confederation of Trade Unions in today's extremely difficult circumstances

The country is going through a very deep crisis. A crisis in the economy and the political sphere, and a crisis in authority. The disintegration of the national economy which continues to gain momentum is assuming the dimensions of a catastrophe today. Many plants, factories, and combines are coming to a stop or not operating at full capacity, total production volume is being reduced, and the national income is declining. The army of unemployed is growing. The living standard is falling rapidly, and more and more millions of people are turning out to be either destitute or below the poverty line.

About half of the population is falling into the clutches of poverty following the price increases, unprecedented in the past 50 years. The total shortage of industrial and food commodities, including essential goods, the continuous, exhausting lines, the family budget problems which get worse with each day, and the uncertainty about tomorrow—all this is raising the temperature of the public to the maximum and causing a dangerous increase in social tension, bitterness, and desperation.

Confidence in the country's top leadership has fallen to its lowest point, one may say that the credit in confidence is nearly exhausted. This is related mainly to the serious mistakes in managing the economy and in the political sphere. The lack of a clear-cut conception from the very start and the inability to foresee and predict the consequences of the decisions being made have led to the

point that the country seems to have lost its direction and is walking around in circles in the dark; it cannot break through the reefs and rapids to reach the shore it is seeking. But just where is this shore?

The country is being shaken by interethnic conflicts, the "war of laws," and powerful waves of strikes. It is intolerable and criminal not to pay heed to this. The patience of the public, which has been politicized and divided to the extreme (as the referendum results showed), disunited, and disillusioned, is not limitless.

Under these very complicated conditions, at a critical stage in our history, the role and responsibility of the trade unions, which express the will of the working people and protect their vital interests, are increased immeasurably. We must not simply see the realities of life today, but be able to analyze the deep-seated processes and trends and predict the development of a situation.

I think we should begin the analysis with the latest event in the economy—the price reform, which can have far-reaching consequences for society. The very first days have shown that the reform was poorly reasoned and prepared extremely unsatisfactorily.

We have seen the threat of possible major errors. Over the past month and a half, meetings were held with the country's president and prime minister and all the USSR Cabinet of Ministers at the request of the GCTU Council and sectorial and territorial trade unions. At these meetings, we clearly and distinctly set forth the trade unions' views on the forthcoming price reform and our demands in this connection. Written appeals were sent to the president and the government.

The USSR GCTU Council insisted on a significant increase in the amount of compensations for the public, on the immediate abolition of a sales tax, on the strictest control of prices, including for transportation, and on obligatory reform of wages, raising them by no less than 1.7 to two times as much.

The government organs—the Goskomtrud and the Goskomtsen [State Committee for Labor and Social Problems and the State Committee on Prices]—persistently tried to convince us and all of the people that the compensation outlined would fully cover the losses of income in connection with the price increases and that provision had been made for the people's social protection. A considerable number of broadcast statements were made that solutions had been found to maintain an accessible level of prices in the dining rooms for workers, students, and schools.

But what really happened?

In basically maintaining the average indicators, prices for the most popular commodities rose much higher than envisioned by the Cabinet of Ministers decree. So the price of meat, which was to be tripled, actually was three

and a half times more, and boiled sausage and small sausages became four times as expensive.

Dairy products, butter, and fresh fish became much more expensive than announced previously. The price of rye bread rose by four times as much, although it was to have tripled. It must be said that the price of bread is important for most of the people, especially those with little means.

It must be stressed that the government of the country and the governments of the republics essentially have no control over local authorities in setting the new prices. Hence the arbitrariness and excess in the prices for public dining, municipal and everyday services, and municipal and suburban transportation services.

In many regions, the new prices in public dining have been marked up by 30 to 60 percent. More often than not, the cost of dinners in workers' dining rooms has increased from 1 ruble [R] to R3 or R3.5. It turns out that all of the R60 in compensation must be spent just for dinners. A bowl of soup in student dining rooms costs R1.5, and a second helping costs R2.5. Whose pockets are these prices intended for?

We cannot help but mention other absurdities in pricing as well. Our Tajik comrades have cited examples: individual types of bread have begun to cost 52 kopecks, cereals cost 49 kopecks, and so forth. The worker's kopeck is spent quickly here simply because it is inconvenient to return the change. Whom does this benefit? Not the worker.

The government has promised that prices would rise by no more than 70 percent for railroad transportation. This increase has been more or less maintained for the mainline routes, which a person makes use of one or two times each year. But for suburban trains, which many people ride on every day, the cost of tickets has risen by three to four times as much, and the cost of season tickets has risen by five to six times as much. Today, for example, for nearly two million workers and employees who live outside Moscow but work in the capital, the expenses for these purposes have risen by R8 to R10, but if we take into account the threefold increase in the municipal transport rate, this amounts to an increase of R20 to R25.

We should speak separately about the sales tax, which has quickly become a tax on purchases for the public. Many persons simply are not aware that the commodities being sold in our stores cost an average 15 to 20 percent more than the wholesale prices for them. The customer pays out of his pocket for this difference—between the wholesale price of production and the retail price.

Now, at a time when the government has introduced a sales tax, it turns out that every citizen is paying a double tax: a turnover tax plus a five-percent tax. With the price increases, the sales tax is increased in monetary terms as well as the prices, by two to three times as much. This is



not the same five percent of a month ago. And once again, it comes out of the worker's pocket.

The most cursory analysis leads to the conclusion that the reform has caused a sharp decline in the workers' standard of living, despite the assurances by state organs.

According to rough estimates, the subsistence minimum has risen from R130 to R230, taking only the state prices into account. But if it is taken into consideration that the store counters are practically empty throughout the country and that people are once again going into the market and commercial trade, these figures must be increased by 30 percent. As a comparison, the average wage in the country, taking the compensation into account, amounts to R350, but the net payments are less than R300.

Frankly speaking, the people have simply been deceived in the course of the reform, voluntarily or not. The people realize this. How can they not realize it when almost every family is acutely aware of this in its own budget. The spontaneous mass demonstrations by workers and students in Minsk, Tashkent, Barmal and other places attest to the fact that they do not believe someone can correct the injustice and they are making an attempt themselves, using various forms of protest, to fight for their rights.

According to experts' assessments, the situation will become even more critical in late April and May, when meager household stocks will run out and the sale of essential commodities in state trade will decline even at a high price. This can be the last straw for the people's patience.

In the interests of all the people, we cannot permit the crisis to develop into an unpredictable social outburst. Proceeding from the situation that has taken shape, it is proposed on behalf of the plenum of the General Confederation of Trade Unions Council that the government

**First:** immediately increase the amount of compensations related to the price increases, allocate the appropriate funds for these purposes and increase wages in the basic sectors of the national economy in stages, by no less than 1.2 to two times as much until the end of the year.

**Second:** initiate ordering of the people's interest in relation to the creeping increase in prices. I shall remind you that the president's decree provided for submission of all the normative documents necessary on this matter within a week. Almost three weeks have passed, but there are no documents. Managers of the departments concerned must bear full responsibility for the failure to implement the president's decree. Or isn't this strictly obligatory for the current government, which has to set the "rules of the game"?

**Third:** prepare and introduce a complete wage reform in 1992, taking into account compensation for the cost of manpower in the labor market.

The USSR GCTU Council is receiving numerous appeals from workers' collectives and the country's citizens demanding immediate abolition of the 5-percent tax on sales and public services, especially now, with the sharp increase in prices. On behalf of our plenum, I propose that this demand be supported and carried out.

Workers everywhere are also demanding repeal of the USSR Supreme Soviet decision to have citizens make obligatory insurance payments to the Pension Fund of the USSR amounting to one percent of their wages. Demands such as these, especially under the conditions of the sharp rise in prices and incomplete compensation for them, are well-founded. Moreover, a dangerous precedent has been set by high-handedly confiscating part of the workers' wages, without their consent, for social programs. This is not the correct way.

In our view, we should have supported these suggestions and brought about repeal of the one-percent deduction for the Pension Fund. Especially as experience has shown that there are enough payments from enterprises, institutions, and organizations to finance the expenditures for citizens' pensions.

With the very first warnings about serious defects in the pricing of public food services, the GCTU Presidium categorically demanded that the government rectify the situation immediately. GCTU Deputy Chairman V.V. Kuzmenok protested sharply about this at the Cabinet of Ministers meeting. In accordance with our demand, the government's representative—Finance Minister V. Orlov—provided a special commentary in the TRUD newspaper. The government explained that the expenditures to reduce the cost of food service in workers' dining rooms would not be subject to a tax. But this is not a solution to the problem, in our view. As before, **the government is putting the main burden of all the compensation payments on the shoulders of the enterprises.** But many of them do not have the funds for this. The 100-percent reduction in the tax on profit that was granted is chronically insufficient for many profitable enterprises to even pay the R60 additional charge. And under these conditions they are proposing that enterprises seek in their own funds to compensate for the increased cost of food service in plant dining rooms and snack bars.

Financing decisions are required here as well. There may be several alternatives. Deputies are proposing that they have the opportunity to utilize part of the assets deducted for the stabilization fund, as well as the "unused" remainders of economic incentive funds, for these purposes. This money from labor collectives should be utilized even now, in the most critical period, to normalize the situation at enterprises firsthand. We are proposing that the Government of the USSR closely examine these considerations.

The question of paying compensations to the employees of public organizations, including trade unions, and the employees of trade union cultural and sports institutions in particular, has not been resolved practically. The logic of the Goskomtrud and the Ministry of Finance is simple—these are your internal problems. Permit us to ask, then, did the trade unions devise the price increases? And is it really the trade union cultural and sports institutions that are working only for themselves, and not the country's entire population? On one street the employees of a state club have received subsidies, but not the trade union employees. We cannot agree to this, and we demand that the president and the country's government review this matter within a week and find a solution.

The price reform has also affected the cost of sanatorium and health resort facilities. The cost of a voucher is being raised by three to four times as much—up to R700-R800. Plus the new transportation rates. This cost of health will be too difficult for most working people. The Presidium of the GCTU Council has had a special discussion on this problem. We arrived at the opinion that the vouchers always should be at a reduced price, roughly in accordance with this scale: up to 10 percent, free of charge; up to 70 percent, for 10 percent of the cost; and up to 20 percent, for one-third of the price.

This will require that the social insurance fund be increased by R4 billion and that the insurance rate be increased accordingly by seven percent of the wage fund. On the instructions of the Presidium of the GCTU Council, I announced this appeal by the trade union at the Federation Council meeting in the presence of the country's president and prime minister and republic leaders. We will persist in seeking a solution to this problem.

An increase in the insurance rate will make it possible to return to paying allowances for child care and children from families with insufficient means out of the Social Insurance Fund. These allowances were paid for many years through trade union committees. Now more than eight million people from industrial enterprises and remote settlements have been compelled to leave work and hence the questions of receiving allowances resounded in the rayon social security departments.

As you see, these are major questions which affect the interests and feelings of millions of working people and members of their families, and we are requesting the government's immediate review and solution of these problems for this reason.

It is clear that all the things we have discussed are actual measures. If we are talking about a strategic problem, we must realize that it is too late to return the old prices now; this would be one more large mistake. So we can refer to measures for effective social protection and immediate radical wage reform to provide a person with the life he deserves.

In past years, the salaries of ministry and enterprise managers were increased by two to 2.5 times as much. As we see, competent economic managers are depicting the correlation between wages and the new prices accurately. But what is a worker to do with his 30-percent wage increase? Exist in a state of semistarvation? Neither the workers nor the trade unions will agree to this.

The growing contradictions have been felt most severely by the miners, who have been struggling for several years now to get out of the abyss of poverty and change their extremely poor working conditions.

Today the miners' socioeconomic demands have been met to the maximum extent possible. Agreement has been reached on doubling their wage in stages. This attests to the fact that we were able to extinguish the flames of a strike much sooner; this was demanded by the Presidium of the GCTU Council, which supported the appeal by six sectorial committees and suggested that the Cabinet of Ministers sit at the negotiating table and set up a conciliation commission on the problems of the miners and other basic sectors. Support for the striking miners was provided by the Federation of Independent Trade Unions of Russia, and unions in the Ukraine and Kazakhstan were actively involved in the search for a solution to the miners' problems. The coal industry workers' trade union fought for the interests of workers in the sector during the difficult situation, although it should be noted that it was less active than the circumstances required.

At the same time, let us say frankly that we were not successful in showing a united front to decisively change the viewpoint of the government, which proceeded to step up the confrontation with the strikers. To the extent that solution of the problems was delayed when they met their match, not only in the Kuzbass [Kuznetsk Basin] but other regions as well, political problems began to be added. And it will not be so simple to come out of the strikes today. About 300,000 and 150,000 to 200,000 miners have been taking part in the strikes (according to certain information). This is a reality, which we cannot help but take into account.

What are the main contradictions we must draw from these circumstances?

Without any reservations, the miners' demonstrations have shown that the existing system of wages, work incentives, and payments for work prices and their management based upon intersectorally sharp conflict with the free-market conditions. It may be said that the miners have been fighting not only for themselves, but for the interests of all detachments of the working class. They are precisely the ones who have broken through the entrenched conservatism of the path to and completion of the reform.

And here, as you are aware, the decisions made provide a response only to the economic demands of mining and coal for thermal enterprises. The demands of workers

in the metallurgical, chemical, railroad, and other basic sectors have been left without a response.

The entire problem lies in the fact that we have been using the tactic of partial solutions thus far in the field of social protection; this has brought success in individual directions, but it has not ensured that trade unions are fully included in the system of labor relationships between the state, enterprises, and the workers.

How do we accomplish this? We, the trade unions, have three alternatives today.

**First.** Ask for or demand partial concessions from the government and local authorities. This is a path of minor decisions which do not eliminate the major problems, as a rule, and they are late or taken in a hurry following major labor conflicts.

**The second alternative.** The path of continuous strike struggle. The path of pressure in extreme forms. There will be no winners here. Today's economy will not withstand new blows.

**A third alternative is left:** the path of constructive opposition and social partnership by the trade unions, employers, and the state.

The country's president and the republics' parliaments and governments should realize that there is no other path to social peace.

What does this mean in practice? Primarily the development of a system of collective agreements between governments, local authorities, and trade unions at all levels. The employers' unions which are coming into being probably can associate themselves with these agreements in the future as well.

In our view, the Agreement on Labor and Socioeconomic Problems for 1991 between the USSR Cabinet of Ministers and the USSR General Confederation of Trade Unions Council, which was prepared by the GCTU Council, is the first step in the new relationships between trade unions and the government.

It is important only that there is genuine interest in collaboration on the government's part and that it does not seek to actually drag out the solution of vitally important problems by taking refuge in good intentions, drowning them in endless discussions and passing them through numerous commissions, sections, and departments. The blame for the red tape in working out and submitting the draft of the Law of the USSR "On indexing public incomes," which should provide economic protection for the public from further price increases, lies mainly with the government. In verbally acknowledging the importance and necessity for the measures proposed, the government evidently has chosen the tactic of procrastination and continued "refinement" of the document. Judging by everything, there is a real danger that the indexing mechanism can begin to function only next year, which we cannot agree to by any means. As a counterargument, the conclusion

is drawn that income indexing, like increasing wages and compensations, will lead to hyperinflation and depreciation of money. But the country has already entered an inflationary spiral, and primarily because of the clumsy management of the economy and the government's unreasoned and erroneous actions. We will not be able to keep the growth of inflationary processes in check now—these are objective economic laws. But if we do not take effective steps for social protection of the people, chiefly those with insufficient means, unpredictable cataclysms await the country at our level of destitution. This is so obvious that it seems strange that government specialists do not see it.

In the very near future, we should make the determination of a minimum consumer budget for different regions and the country as a whole a part of daily practice. This will be the basis for establishing the amount of the minimum wage. All this has already been delayed for several months. Discussions are under way, but specific decisions have not been made to date.

The USSR Cabinet of Ministers does not support the trade unions' demands at all on a number of positions. For example, on changing the taxation of enterprises. These are our demands: that the funds for consumption and a number of payments that are social in nature not be subject to taxation.

But the government does not support this. Neither does it agree with our proposal to allocate a specific proportion of capital from the nonbudget fund for stabilizing the economy to build All-Union sanatorium and health resort institutions as well as for treating war veterans and internationalist servicemen. All this does not contribute to a relaxation of social tension in the country.

I want to state conclusively that we will view further delay in signing an agreement unequivocally as an attempt by the government to avoid responsibility for the solution of difficult and critical problems and to get out of its partnership relationships with the trade unions. The Presidium of the GCTU Council will introduce a proposal on behalf of the Council plenum to demand that the government sign the agreement within three days.

And one more problem of no small importance. The agreement is intended for a year. This is a long period by today's times. The situation changes before our eyes, unexpected problems arise, and new breeding grounds for social tension and labor conflicts appear. In our view, the USSR Cabinet of Ministers and the GCTU Council should have a coordinated mechanism for joint discussion and solution of critical socioeconomic problems.

I propose that a commission for conciliation between the government and the trade unions be established on a permanent basis. The commission could be staffed on the union side by the plenum of the GCTU Council. This approach could provide a real opportunity for effective and thorough study of problems and a coordinated

solution. I think that organs such as these could be established on the republic level as well.

Conciliation commissions are extremely necessary for negotiations to conclude sectorial rate agreements. Without working out unified requirements in the sectorial labor market, all the work to prepare collective contracts and agreements for 1992 becomes practically meaningless. Without sectorial rate agreements, we cannot bring about serious wage reform.

The central state organs are establishing contacts reluctantly and poorly with sectorial trade unions in working on rate agreements at present. The growth of the workers movement is changing the situation appreciably. There are few in government structures today who doubt the need for such agreements. It is only regrettable that force influences some employees more than the usual arguments.

Discussion is now under way on developing basic approaches to the conclusion of rate agreements in sectors together with the USSR Goskomtrud in April. They are to be coordinated in the regions and at enterprises from May to September. The rate agreements are to be adopted in October so that they can become a reliable basis for the workers' wage demands when collective contracts and agreements for 1992 are concluded.

If this is not done, the country's workers will enter the most critical period in the transition to the market with wages which do not compensate for manpower inputs and provide for the standard of living and work incentives needed.

The government and GCTU Council conciliation commission will play an important role both in determining the rate policy and in resolving many other problems. The council presidium proposes that the USSR Cabinet of Ministers review the question of establishing a commission of the country's government and the GCTU Council for day-to-day consideration of problems involving the workers' socioeconomic conditions and to appoint government representatives to staff it.

The trade unions are concerned with protection of the workers' rights and interests not only at the government level and not only at the highest levels of management, of course. The task today is to take every worker and every family into account, to examine their income levels, and to provide priority assistance to those of insufficient means.

Under the conditions of the extremely critical shortage of commodities, we need to give some thought to assistance in kind, especially for large families, pensioners, and the disabled. This experience is already available in a number of regions. This includes dinners in dining rooms at reduced prices, a system of orders for products, coupons for manufactured commodities, a collection of items, and other forms of assistance. Trade unions

should be the initiators here. They have enough opportunities to resolve these problems with local authorities at the oblast, kray, and republic level.

A rationing coupon system of distribution has become a hard reality in many regions today. Evidently there is no other way of providing at least the most essential food and consumer products. However, there are many flaws, misrepresentations, and a poorly reasoned approach in this work as well.

Let us take food, for example. The standards for distributing it are extremely low. Miners are not receiving dinners at a number of mines in the Kuzbass because of the food shortage. But at a timber enterprise in Arkhangelsk Oblast, a worker was provided with one kilogram of meat per month and 300 to 400 grams of bread per day last year. At the same time, a prisoner in Arkhangelsk Oblast is given 1.5 kilograms of meat per month and 450 grams of bread per day. That is, the provision of food for workers is deliberately planned worse than in prison. This kind of situation is intolerable.

The GCTU Council and all member organizations cannot remain aloof from these problems. We must have an active influence on these processes and provide for a guaranteed minimum of food and essential commodities for all sections of the population.

The situation in agriculture deserves particular mention. For the first time in the history of our agriculture we are encountering a situation this spring in which we have to finish sowing and reseed about eight million hectares of grain and prepare tens of millions of hectares of arable land. Under the conditions of actual anarchy and heated rallies, the gathering of the 1990 harvest and the sowing of winter crops were interrupted and now the rural worker has one-quarter more spring concerns and anxieties than usual. At the same time, there are about 300,000 plows and seeders and more than 500,000 tractors and trucks in the country that have not been repaired. Fleets of equipment are not going into the fields in Voronezh, Karaganda, and Novosibirsk Oblasts and Altay Kray because deliveries of tires, pistons, clutches, and so forth have been interrupted. In a number of regions in the country, up to 10 to 15 percent of the seeds are not suitable for sowing. One need not be a specialist in the field of agriculture to realize that a country that does not sow is doomed.

If the plenum participants agree that the country's trade unions should make use of their opportunities to provide assistance to rural areas in this very difficult period, we could make a special appeal to the country's labor collectives and trade union organizations, asking them to do everything possible to see that industrial orders for the countryside are filled and to help rural residents with equipment and manpower. This is our common concern.

An attack against the rights of working people and infringement of their interests are taking place not only in the economy, but in the legal sphere as well.

The recently adopted Law on Trade Unions consolidated an important legal guarantee against illegal dismissals of workers and the need for the administration to obtain consent beforehand from the trade union committee. This is essentially a reproduction of the standard in effect for many years. However, two months later a change is being made in the labor legislation which actually cancels what the trade unions and many people's deputies have been trying to achieve so persistently and what was the subject of a special decision adopted at the 19th Trade Union Congress of the USSR.

This inconsistency by the USSR Supreme Soviet eloquently attests to the fact that lack of respect for the law in our society—and a great deal is being written and spoken about this lately—is very deeply rooted.

Our national and republic organs are concerned about creating the conditions for the development of free enterprise. This can only be welcomed. But we cannot allow cooperatives and small private enterprises and joint ventures to be put in a special position in which they could restrict the rights of workers, primarily women, persons with reduced ability to work, and those under pension age. It is precisely these persons that an employer tries not to hire, even if there are vacancies, and to discharge first of all. This is considered intolerable in many capitalist countries.

Our plenum should resolutely support restoration of the trade union committee's powers when workers are discharged. After all, in the near future the situation in the labor market may be sharply intensified and there may be enterprise bankruptcies and mass dismissals, that is, unemployment if we call things by their proper names.

We can explain blunders such as this by haste in forming our laws, of course, but it is scarcely that. Rather it is a certain orientation in actions by the authorities and management. It is no coincidence that more and more attempts are also being undertaken in other legislative documents to curtail the rights of trade unions and deprive them of their opportunities to take an active part in protecting the workers' rights.

Thus, the main emphasis in the Law "On the procedure for resolving collective labor disputes," the draft of which was recently introduced in the USSR Supreme Soviet, is put on various types of sanctions as in recent, unfortunately memorable times. It seems that the drafters seriously believe that strikes can be fought with dismissals and the deprivation of leave and various benefits. Provision is even being made for criminal penalties.

And warning signals are coming from local areas: economic managers everywhere are refusing to conclude collective contracts, referring to problems in the economy. This is a very dangerous symptom of an open attack on trade unions' rights. The GCTU Council has submitted a draft of the Law "On collective contracts and agreements" to the Supreme Soviet. It is essential that it be considered and adopted in the next session.

Otherwise, labor collectives will simply be disarmed before the collective contract campaign in the fall.

All the experience in the international workers and trade union movement attests to the fact that under the conditions of a market economy, employers seek to restrict the rights of trade unions, to split them and thereby weaken their influence. **We are obliged to oppose this policy with the tactic of our own line—the tactic of bringing about complete unity of actions** by all detachments of the workers and trade union movement in the country.

I will not repeat the arguments in favor of our unification and joint actions; this was stated clearly by the 19th Trade Union Congress. I want to say only that we are undergoing a test of strength on the home field at present, so to speak, meaning our internal relationships, where a great deal of lack of understanding and tension have accumulated. But soon the stronghold of the trade union movement will be tested by the market and by employers, who do not need strong trade unions. An awareness of the seriousness of the situation and our common responsibility should determine our attitude with respect to trade union unification and solidarity as well.

Today, as never before, trade unions need to close ranks to feel their strength. Instead of fighting for their rights, to not permit the country to slide into the abyss of catastrophe.

**Stormy processes are under way in member organizations of the USSR GCTU now. To a large extent, they reflect the overall situation in the country and in the union republics.**

Trade unions in Kazakhstan presented demands to the republic government related to compensation for the price increases and introduction of a mechanism for indexing the people's incomes in a list of demands—the passage of laws on a minimum subsistence budget and a minimum wage. In the event that these proposals were not adopted, a republic protest action was planned for 30 March. On 26 March the Kazakh SSR Cabinet of Ministers signed an agreement with the Trade Union Federation Council which took into account everything the trade unions had insisted upon.

In a difficult and persistent dialogue with the republic government, the Belorussian Trade Union Federation Council brought about passage of their entire package of demands, including abolition of the five-percent tax on most food products. Trade unions in Uzbekistan insisted on abolition of this tax on all types of food products. Trade unions in the Ukraine, Tajikistan and a number of other republics are conducting an intensive struggle for the signing of agreements with the government.

In response to an appeal from the the Mining and Metallurgical Workers' Trade Union Federation of the USSR, an All-Union action was conducted at metallurgical enterprises on 27 March in defense of the the



sector's vital interests. The central council of trade unions in the oil and gas sectors of industry and construction brought about fundamentally important decisions on wages in 1991.

It is becoming more and more obvious that the vigorous actions of every member organization of the GCTU to protect the interests of our trade union members need our common support. The GCTU Council has been called upon to provide coordination in the mass actions for protection in the sectors and republics.

It is important to demonstrate solidarity with those who are struggling for their rights without allowing different detachments of the working class to be set off against others. It will probably be correct to arrange for the GCTU to be informed of mass actions by member organizations. Its presidium and commission for socio-economic matters could work out the tactics for joint actions to support our member organization, and perhaps even help in developing its struggle.

The council of the Federation of Independent Trade Unions of Russia adopted a decision on organizing the spring offensive by Russian trade unions in April and early May. The primary organizations should become the center. Meetings will be held at enterprises on the eve of May Day in which the administration will report to the collective on how the collective contracts are being implemented. The trade unions intend to organize city meetings and demonstrations on May Day.

For the second consecutive year, hundreds of thousands of workers in Moscow will pass through Red Square in columns of demonstration organized by the Moscow Trade Union Federation. A fair wage, ensuring that there are work positions for all able-bodied workers and normal working conditions—these are the demands being advanced today by the workers in Moscow and all the trade unions in Russia.

The presidium of the GCTU Council calls upon membership organizations to support actions by trade unions in the Russian Federation, Kazakhstan, Belorussia, the Ukraine, and other detachments of the trade union movement.

If we switch from economic problems to the common political problems, the fundamental objective today is to restore stability to the society and the state as rapidly as possible.

The people are tired of the uncertainty most of all. How are they to live? Will they have a unified state? Will the system of economic ties and territorial relationships be maintained? Without having an answer to these questions, the country essentially is living from day to day. But this is a destructive situation. Indeed, why create a future when we don't know what kind of future it will be?

The uncertainty and instability are leading to collapse of the state system. This is clearly apparent in the union budget situation. The republics are blocking revenue to

the state treasury until the signing of an All-Union contract. Apparently it will not receive over R120 million during the year.

What does this mean? The financing of basic science will be discontinued. The collectives of treatment centers will be left without wages and medications. The financing of agriculture, including credit for farmers, will be sharply curtailed. There will be no funds to maintain the militia, the courts, and arbitration when there is a sharp increase in crime. Who benefits from this? Not the people.

Deductions for the country's stabilization fund have been blocked as well. As of 15 March, no money at all was transferred there. But after all, half of the funds from it are to be utilized to maintain the raw material sectors, the so-called "cheap" sectors. With the tremendous problems with foreign currency purchases, industry will stop without its raw materials. Over 300 enterprises are not operating in light industry alone now because of the shortage of raw materials. About 600,000 persons are threatened with unemployment. In May, if the situation does not improve, most of the enterprises in the sector will stop. Millions of people will be left without work and their livelihood.

Moreover, it was planned to finance the program for Chernobyl and the Aral [Sea] with the stabilization fund. These tragedies are not on the scale of a republic by any means. Thus far, for example, there is no opportunity to allocate R800 million for the health of women and children from the Chernobyl zone of Belorussia. What kind of policy and what kind of sovereignties can justify this mockery of sick persons who have been suffering through no fault of their own?

We must speed up the conclusion of an All-Union contract and economic agreement among the republics. This will contribute to a large extent to the restoration of political stability and the process of reinforcing economic ties.

On behalf of the GCTU Council, I propose to send an Appeal to the President and the Government of the USSR and the Chiefs of State and Governments of the Union Republics demanding that all the necessary work be concluded and that an All-Union contract and economic agreement be signed in April and May.

There is no more time left. We demand that publicity be given to all the work on the documents cited and that the positions and arguments of all the negotiating sides be published.

The people have every justification to directly accuse those who delay solution of these vitally important matters with disregarding their interests. If delay in signing the All-Union contract and economic agreement is the fault of individual politicians, the trade unions, in protecting the workers' interests, will be obliged to appeal to labor collectives to organize mass pressure on

individual officials or organs of authority which do not want to take the will of the majority of people into account.

As we see, these demands go beyond the traditional economic framework by which the trade unions have usually been restricted. But the economy and politics are so closely interrelated now and so much in the economic sphere depends on political decisions, the trade unions cannot remain "outside of politics." And in this connection, we are being faced with the particularly critical question, which is being widely discussed by the public, of confidence in our government.

Is it in a position to bring the country out of the crisis, to organize a normal life, to find a way out of the numerous apparently deadlocked situations, and is it capable of doing this? Demands for the government's resignation are becoming more and more insistent, and lack of confidence in its policy is being expressed. A great deal will depend on the kind of position taken by the trade unions here in this extremely critical situation.

In the statement adopted two weeks ago, the Presidium of the GCTU Council demanded that the government draft measures to combat the crisis so that the country's slide into economic chaos can be stopped as quickly as possible, social protection is provided for, and at least minimum guarantees are provided for the supply of food and essential commodities.

We insist that our demands for the people's social protection and improvement in their lot, especially those with insufficient means, in the emergency situation that has developed be met in the shortest possible periods of time. The trade unions' line in this matter is firm, and not subject to change. For the will of the broad masses and their hopes and expectations are behind these demands, and we have no right to deceive them.

In determining the trade unions' position with respect to the government, a great deal will depend on the current plenum, on the government's attitude toward the trade unions' demands, and on whether it will be able to change the situation in the country in the very near future. If the trend of rapid deterioration in living conditions and the economy's disintegration continue to develop as they are now, the question of lack of confidence in the government may be raised very soon.

Each resident of the country, each one of us, has a special responsibility. By discarding everything that is arrogant, personal likes and dislikes, ideological disputes between those on the "right" and those on the "left," the "reds," the "whites," the "greens," and all the rest, we should be guided by our conscience and the interests of those who have given us their mandate of confidence.

The working people have the right to demand the most vigorous actions from their trade unions. The General Trade Union Confederation and its member organizations are obliged to do everything possible to stop the state's disintegration and ensure that the people have

peace, work, a normal standard of living, a system of social guarantees, and confidence in tomorrow.

### Plenum Debate Described

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12 Apr 91 pp 1-2

[Report by F. Yemchenko, V. Karpov, and B. Leonov on debate at the General Trade Union Confederation plenum: "Unite Efforts and Act"]

[Text] As already reported, the Second Plenum of the USSR GCTU Council was held on 10 April. The resolution "On the present situation and tactics for trade union actions" was adopted on results of the discussion following the report by GCTU Chairman V.P. Shcherbakov. The plenum participants also approved a number of other documents: the declaration "On strict adherence by state and economic organs to the Law of the USSR 'On trade unions and the rights and guarantees for their activity,'" the Appeal to workers in the agroindustrial complex, the Declaration "On support for the miners' strike movement," and the Appeal to the USSR Supreme Soviet on the accident rate in transport.

The plenum approved the GCTU Council Regulations and the status of a member of the USSR GCTU. Organizational matters were resolved. The following organizations were approved for the USSR General Confederation of Trade Unions: the USSR Trade Union of Machine Builders and Instrument Makers; the Oil and Gas Industry and Construction Workers Trade Union; the All-Union Federation of Trade Unions "Elektroprofsoyuz" and the USSR Federation of Communications Workers Trade Unions; the All-Union Federation of Joint Venture Trade Union Organizations; and the Federation of Independent Trade Unions of South Ossetia.

L.A. Okunkov, head of the working group of the Commission for Legislative Initiative and Rights Protection Work and chief of the Legal Department, was elected GCTU secretary.


### At a Critical Point

An emergency situation—that is how the current pitiful state of the country can be described. And the extremely critical problems into which the people have been plunged threaten a catastrophe. The poverty and destitution of the masses, the aggravation of interethnic disputes, the general bitterness and disorder, the lack of confidence not only in tomorrow, but today as well, the miners' strikes, and not only the miners' strikes. We have never seen such a picture in the society. And where is the edge beyond which the irreversible chain reaction of chaos and the collapse of the state begins? But if we put it more simply and clearly—famine, devastation, and Heaven forbid, bloody conflict.

We do not want to prophesy, but the fact that all of us, regardless of our convictions or what parties and groupings we belong to, have come to the last fatal line is

unquestionable. The society and each of the citizens of this great power have turned out to be hostages. And we cannot sit on the fence and bide our time. We all must have a civic position.

This is why, in being aware of their responsibility for the country's future and seeing the dangerous situation in the society resulting from the price increases and the miners' strikes, the trade unions decided to hold their own extraordinary plenum in keeping with the situation. Its main task was to determine what and how to do something to help the country get out of the crisis that has shaken all its foundations and to protect the people from want, unemployment, and the other things with which we are threatened.

The situation in recent months, and especially  has been rolling headlong downhill—they have refused to use brakes and common sense in the country. And the locomotive of our history is speeding into an obvious dead-end social siding.

The economy has been pulled down brick by brick. The compensation of R60, as well as the price increases, cannot be called anything but a deception. And this was stressed repeatedly from the plenum rostrum. The meeting of the country's active trade union membership obviously went beyond the bounds of traditional measures, which used to be troubled by propagandist noise and wordy ballyhoo. There is simply no time for empty debates. And the plenum realized this.

V. Borodin, chairman of the All-Union Federation of Trade Unions for Workers in the Chemical Sectors of Industry, stressed: "Today the vital interests of the workers demand decisive actions from the trade unions. The decline in the standard of living is complicated by the increase in the deficit. According to certain data neither financing of the national economy nor the payment of wages will be possible in the second quarter."

Confidence, reputation, and authority. It is precisely during these days of crisis that the trade unions can lose influence among the masses if they remain in the role of "the great mute." The people, which have been reduced to despair, need them like strong protectors.

"The General Confederation of Trade Unions and regional trade unions cannot be content with the *zovni* extras," V. Borodin added.

After all, this involves not only the future of the economy, but the future of the trade union movement itself. This is why the situation in the country was subjected to close analysis.

Sharp comments were also made at the plenum on the need to increase and extend compensations and protect those with insufficient means, especially veterans and about the children. The discussion was extremely lively: more than half of the people have found themselves among the ranks of the poor if we consider the indicators for incomes and current prices.

An extreme situation. And it cannot be rectified by any small pittance or half-reforms. This is why the plenum demanded a fundamental reform of the economy and privatization of property in the workers' interests, with an active role in this by trade unions, and denationalization of enterprises. The worker should finally become the master of production—this concept was heard repeatedly in the orators' speeches. And it has received support. The trade union today should be a consistent protector of working class interests and the organizer of the workers movement.

### Forward, Into the Bright Past?

In concluding his report, the chairman of the USSR GCTU evidently expressed the hope of all plenum participants by suggesting that Prime Minister V.S. Pavlov, who was invited to the plenum, address the plenipotentiary representatives of all the country's trade unions and tell them about the basic features of the government's anticrisis program. After all, those present represent hundreds of thousands of primary organizations and labor collectives, and they simply have an obligation to know about the government's specific intentions; they have to evaluate how effective and realistic the measures proposed are and whether their implementation is capable of averting a disaster in the society.

And the prime minister came up to the rostrum. (Since the account of V.S. Pavlov's speech at the GCTU Council plenum was transmitted for the press on TASS channels yesterday evening, it will be published in the next issue.)

He said almost nothing about the plan to bring the country out of the crisis. And quite irrelevantly Comrade Pavlov began instructing the trade union: "That they should concern themselves with. And according to V.S. Pavlov, the largest mass organization of working people should concern itself with putting economic activity in order. He suggested that together with the demands to protect the workers' vital interests, the trade unions also represent the unions' obligations to guarantee an increase in production volumes in the national economy. So harness yourselves, trade unions, in the straps of state economic and organizational functions which are not typical for you: "understand our position" and demand a fitting life for the people afterward. In a word, forward into the bright future! Then what is the way to the market here?"

The concern of the manager of the country's cabinet about the disastrous state of the budget is understandable and close to everyone. The consequences of the miners' strikes which he commented on are also common knowledge. His anxiety about the intensified financial deficit, as well as the shortage of commodities, is natural. But just who, if not the government, is responsible for this in the first place? To each his own.

The prime minister's speech next criticized the "intractable unions." But are the miners to blame because the

cannot earn a living fitting for a person by working under difficult conditions which are dangerous to their health and lives? Hasn't "the hot miners' summer" of 1989 really taught our leaders anything? Both then and now, the miners are not demanding pittance in the form of rubles which are being depreciated more and more, or a piece of sausage, or an additional day of vacation. They are demanding the opportunity to work normally and to make use of at least part of the results of their difficult work at their own discretion. Incidentally, the millions of workers in all the other sectors are dreaming about the same thing: to be free of exploitation by the system which operates on behalf of their native state, which is "looking after" them.

What is this—inability or unwillingness to understand the workers' aspirations? The attempts to pay off the miners with the government's decree No. 608 led to nothing. And afterward the representatives of other parts of our economy, as V.S. Pavlov correctly noted, are not living any better basically. So we ought to study the miners' demands more thoroughly and conduct the difficult but necessary search for a way out of the complicated situation.

It was not too late in early March, when the first underground tremors resounded from the coal faces in the mines. But the government issued an ultimatum: begin working, then we will talk. It turned out (to make a bad joke) that Comrade Pavlov declared his own "strike" in response to resumption of the miners' strike. And he "struck" for quite a long time, finally tempering justice with mercy by forgoing the principle of force for the sake of the principle of common sense. But it was a little late, it seems.

And now what is there to complain about because the miners are insisting on political demands now? It was not only the "emissaries of democracy" which our prime minister spoke about at the plenum who led them to this. They were led to this by life itself, by loss of faith in the possibility of radical changes. In the belief that they would be given the right to work freely...

And the complaints by the head of government about certain schemes by the "democrats" and the existence of a scenario in which the capitalists collaborating with us "cut off the pipeline" providing the USSR with credits and investments from time to time are incomprehensible. Isn't it really understandable why the people often listen to "the emissaries," but not the representatives of state authority? Why are events developing in accordance with the "scenario" mentioned by V.S. Pavlov and not according to his program? And in general, why have labor collectives been preventing our government from working for some time, from implementing a policy aimed at "the welfare" of these same people? Either the people are so bad, or...? The recent chairman of the USSR Council of Ministers begged the president, you will recall, to guard against attacks, although it now turns out that our economy might not have come to its last point if there had been more such "attacks" (including from the

trade unions) and they had been more vigorous. We understand that the current prime minister (who was the manager of the financial department in the previous government, as we know) also brushed aside the demands of the trade unions and the workers set forth in the documents of the GCTU plenum, stating that there is no money.

The plenum participants were amazed by the prime minister's admission that the price increases are making one more breach in our depleted budget, for we are paying more compensations than we are receiving earnings, he said. He admitted that all the compensations probably will be roughly 20 percent more than the gain from the price increases. This is what is indicated today by calculations of the worthless dynamics of an increase in production.

This is a fine how-do-you-do! Then why was all this "shock therapy" undertaken on 2 April? Therapy for the economy is not expected. Serious motivations to increase the work efficiency of labor collectives and individual employees are not in evidence. And in addition, the collectives are to pay for the compensations themselves to a large extent. But why was it miscalculated this way? Whose "scenario" was this? And what about the drafting of documents to index incomes which the trade unions have been insisting and continue insisting on to prevent most our citizens from going from a state of poverty to a state of destitution? After all, the decree issued by the President of the USSR gave a week for these most important documents to be drafted, but 3 weeks have already gone by.

In a word, the GCTU plenum participants had a considerable number of additional questions after V.S. Pavlov's speech. And it is a great pity that he did not hear them. Because after the speech he left to resolve urgent state matters that were undoubtedly important.

It appears that this circumstance only made the plenum members more resolute in their intention to protect the workers' interests in the complex socioeconomic situation that has taken shape in the country more pointedly and fundamentally. Many speakers spoke of the need to consolidate the forces and actions of all trade union formations for the sake of this common goal. To overcome the differences that exist, to put aside the explanation of relationships—including the matter of trade union property, leadership in the trade union movement, and so forth. It was noted that the GCTU and regional and sectorial trade union associations should collaborate more actively and with more concern with the workers movement which appears to be operating "in parallel" at present. Only the needs and concerns of the working person should form the basis of all activity.

This motto, which was an unsubstantiated appeal for many years before, must be extended by real actions. Under conditions in which the state structures and certain members of the parliaments (national and republic) are attempting to "crush the trade unions" and

deprive them of their vital rights in violation of the Law on Trade Unions in the USSR, as many speakers pointed out, all means must be utilized, including extreme measures, to prevent the lives of working people and their families from deteriorating further.

#### **The Choice Has Been Made**

The pain and anxiety for the fate of the workers which was heard in the plenum participants' speeches were reflected to a certain extent in the documents that were adopted. The decisiveness of the tone and the specific nature of the demands set forth in them attest to the trade unions' firm position. Thus, the resolution "On the current situation and the trade unions' tactics for action" states directly: the plenum demands that the country's president, the supreme soviets of the USSR and republics, the Cabinet of Ministers of the USSR and the governments of the republics immediately increase the minimum amount of compensation, based on the actual loss of people's incomes as a result of the increase in prices and rates for services. Or another point: increase the wages of workers and employees in stages in all sectors of the national economy within a year by no less than 1.7 to two times as much.

The trade unions are raising the question unequivocally today: either the government provides the people with the minimum acceptable living conditions or it should repudiate the unbearable burden it has assumed. Vigorous mass actions hold a more and more important place in the tactics for action defined at the plenum.

A change in course such as this has not remained unnoticed, of course. Lately pressure against the trade unions' rights has been sharply intensified and attempts to limit their capabilities have become more active. The Law "On the introduction of changes and supplements to legislation of the USSR on labor" passed by the USSR Supreme Soviet actually cancels the trade unions' right to oppose workers' illegal dismissals.

The plenum participants considered a number of the proposals for changes and supplements to the Law of the USSR "On the procedure for settling collective labor disputes (conflicts)," scheduled for review at the next meeting of the USSR Supreme Soviet session, to be an open attack on the workers' rights. The supplements and changes were aimed at depriving the workers and trade union activists taking part in strikes of the guarantees against unjustified dismissals. Should the authorities have drawn conclusions such as this from the miners' strikes?

The GCTU Council plenum expressed its categorical disagreement with any actions by government organs which restrict the labor and social rights of the workers and adopted a special declaration on this matter. It adopted a declaration expressing solidarity with the miners' movement at the same time.

The plenum participants adopted an appeal to workers in the agroindustrial complex which expressed concern

about the current harvest. "A country which does not sow," it states, "is doomed to famine."

It should be stated in conclusion that the discussion of matters at the plenum was quite lively. The participants' speeches contained harsh assessments of government policy at times and the speakers' words were charged with that social tension which has built up in many labor collectives today. This situation is forcing the country's trade unions to look for more effective forms of protecting the workers' rights and to maintain a firmer and more principled position in relationships with the government.

#### **TUs, Ministers Compromise, Sign Agreement**

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[Article by TRUD political commentator Vitaliy Golovachev: "A Difficult Dialogue Against the Background of a Crisis"]

[Text]

#### **An Agreement Between the Trade Union Center of the Country and the USSR Cabinet of Ministers Is Signed**

After half a year of intense, dramatic struggle, the USSR Cabinet of Ministers and the Council of the USSR VKP [General Confederation of Trade Unions] signed an Agreement on Labor and Socio-Economic Issues for 1991 on Saturday, 20 April.

#### **The Government Was In No Hurry To Keep Its Promises**

Let us recall that the first draft of this agreement was handed to N. Ryzkov, chairman of the Council of Ministers, as early as 16 October last year at a meeting between the leaders of the trade union center and the government at the Palace of Labor. As I recall, at that time the prime minister said the following at the meeting, addressing the trade unions: "You are merely embarking on a new path. If we look at the documents you are giving us, to my mind they are very far removed from the ideals of the trade union movement. After all, you are still 50-percent economic managers of the purest hue..."

It appears that you cannot say that now. Trade unions which are being renewed in the course of a struggle for the fundamental interests of the people and which are gaining authority are becoming a real force in our society. This is why they are drawing increasingly frequent attacks from the ultra-right and the ultra-left, why they turn out to be "inconvenient" for the government, and why their actions are frequently criticized in the parliament.

It is no longer possible to go back to "puppet" trade unions. The workers' trade union movement is entering a new stage which is marked by the accelerating activation (including political) and consolidation of the broad



masses. Being aware of the situation, the trade union center demands that the leadership of the country take urgent measures to, first of all, ensure social protection for the people in the environment of economic disintegration and a precipitous decline in the standard of living.

The government has changed since 16 October; however, despite numerous assurances, the progress on the agreement was extremely slow. In January, the trade union center sent a new draft to the Cabinet of Ministers. However, the first quarter of 1991 went by, but prospects for signing the document were still hazy.

On 10 April, the Second Plenum of the USSR General Confederation of Trade Unions Council demanded that the document be processed within three days. One more week passed, but the Cabinet of Ministers remained silent. In a sharply worded letter to V. Pavlov (published in TRUD), V. Shcherbakov, chairman of the USSR General Confederation of Trade Unions, warned that if the government intends to continue avoiding a constructive dialogue with the trade unions in the future, the latter would be forced to appeal to the working people and labor collectives of the country for support, and that they reserve the right to organize the struggle for the demands made to be met by all lawful means.

Final negotiations between the delegations of the trade union center and the government were held on the day following the publication of this letter, and the agreement was signed.

#### **"Trade Unions Have Nothing To Hide From the People"**

The government did not plan to invite representatives of the press to this final working meeting, perhaps because the discussion was likely to be harsh and unceremonious. However, the issue of journalists was raised, among others, early on Saturday morning at the USSR General Confederation of Trade Unions headquarters, when the composition of the delegation of the trade union center to the negotiations, which were to begin in the Kremlin in an hour, was being drawn up.

V. Shcherbakov, chairman of the General Confederation of Trade Unions, said: "We have nothing to hide from the people; we have no intention of engaging in some kind of secret negotiations. Include TRUD representatives in the delegation."

The negotiations touched on priority issues which are of concern to all at present: compensations in conjunction with the growth of prices and tariffs, wage increases and preparations for a wage reform, repealing a one-percent tax on employees for the pension fund and a five-percent sales tax, contributions to social security funds, and others. Of course, the meeting would not have been fruitful without the extensive preparatory work which trade union and government experts participated in. To be sure, differences on some issues of principle remained.

#### **Breaking Off the Negotiations or Compromising?**

A number of "tough nuts" could still not be cracked at the final meeting. The trade union leaders faced a difficult problem: Should they insist on their demands to the end, to the point of breaking off the negotiations, or try to find a compromise, without yielding on the main points, and sign the agreement, having secured new measures aimed at the social protection of the populace? In other words, should the confrontation and opposition in our society be stepped up and an expansion of the strike movement be facilitated, or should a way, an arrangement, be found for a more constructive resolution of the issues and conflicts?

They came to a consensus for the most part. Both parties, the members of the Cabinet of Ministers and the trade union leaders, took steps toward each other and displayed willingness to reach an agreement. To be sure, at the very outset Deputy Prime Minister V. Shcherbakov did try to talk in his characteristically aggressive manner. However, at this point he was quite harshly restrained by Prime Minister V. Pavlov who thus showed that he had no intention of turning the negotiations into an emotional exchange.

#### **Lunches Will Not Get More Expensive**

Let us look now at what they managed to agree on and what the agreement between the Cabinet of Ministers and the General Confederation of Trade Unions sets forth specifically. Perhaps, we should begin with compensations, the amount of which causes the most worries at present. In conjunction with this, the government met an important demand of the trade unions: it was resolved to offset increases in the cost of food at enterprise canteens and cafeterias. The Cabinet of Ministers will establish, within one month, procedures and sources for such compensations. The agreement does not say anything about absolute amounts. However, simple calculations indicate that a lunch at a plant cafeteria will become 25 to 40 rubles [R] more expensive per month. If we add this amount to the R60 minimum, the actual size of guaranteed compensation will immediately increase to between R85 and R100.

The government also undertook to resolve, together with the republics, the issue of allocating additional means for subsidizing preferentially-priced meals for students at colleges, schools, vocational schools, and secondary special educational establishments.

These measures will affect more than 100 million people, and will prop up the budgets of an overwhelming majority of families.

#### **Compensation and Wages**

A separate point in the agreement provides that in April of this year the USSR Cabinet of Ministers will resolve to increase compensation for workers engaging in subsurface work. Let me recall that a similar decision for the

coal industry made earlier at a meeting with miners provided for increasing payments to R105.

The price reform dealt a painful blow to many categories of the populace. Women who were on leave taking care of babies were among them. For some reason, they were not among those receiving compensation, as if life did not become financially more difficult in these families after a child was born, as if the price increase did not affect them. However, this injustice has now been eliminated. The agreement specifies that the government will set forth procedures for compensation to be paid to mothers who are on leave to take care of babies under 1.5 years of age.

There is good news in the agreement for college and school students. The USSR Cabinet of Ministers undertook to consider in the first half of the year, together with the republic governments, the issue of preserving preferential transit fares for those who attend colleges, technical schools, vocational schools, and schools.

At issue here are almost 10 million people.

A wage reform for labor is the crucial issue. As a result of the negotiations between the government and the trade unions, it was resolved to speed up the beginning of the reform. It would seem that in the environment of a transition to market relations, when many prices are being set free, it would be logical to remove restrictions on the consumption fund too. Since market prices are set freely, prices in the labor market should be set freely. However, experts cited weighty arguments to the opposite effect as well in the course of preparing the agreement. First, prices for the main products and staples have not been set free. Second, given a sharp decline in production and a reduction in the national income by 10 percent in the first quarter, the average per capita incomes of workers and clerical employees increased by 19 percent compared to the first quarter of last year, and the incomes of kolkhoz [collective farm] members by 24 percent. That is, we produce less output, but the incomes of the people get higher. Specialists of the State Committee for Labor and Social Problems ask this question: Can restrictions on the wage fund be fully removed in the environment of this topsy-turvy, sick economy? Will this not cause money to lose its value even faster and the situation to deteriorate?

Both sides had their own reasoning. A compromise was found in order to overcome the impasse: to develop a regulatory mechanism for wage funds rather than to remove all restrictions on wages right away. A reconciliation commission which was set up will work on this issue more thoroughly.

The agreement also sets forth that negotiations on the conclusion of industry-wide pay scale agreements for 1992 should be completed in the basic industries very soon, before 1 July. The Cabinet of Ministers undertook to complete the development of proposals to reform wages in the third quarter.

A tight April deadline was set for submission by the Cabinet of Ministers of the draft ukase "On General Guidelines for Structuring the Minimal Consumer Budget" to the USSR president. This minimum will become the base for resolving issues of increasing the minimum wage, retirement benefits, scholarships, allowances, and other social payments. The government must also submit to the USSR Supreme Soviet a draft document on indexing the incomes of the populace very soon.

#### **The Social Security Fund Will Be Increased**

The General Confederation of Trade Unions Council secured substantial shifts in solving the complex issue of replenishing the lacking monies of the USSR social security fund. Payments by virtue of certificates of temporary disability, for maternity and delivery, for meals for children in camps, and for partially offsetting the cost of vouchers for sanatoriums and resort facilities of the trade unions are made from this fund. Calculations by experts working for the trade unions indicated that the fund's monies will be clearly inadequate given the current conditions of price increases. So, are we to "economize" on certificates of disability, or, for example, offer a worker the voucher he needs for treatment at a sanatorium for R600 to R800, without giving him any compensation in the process?

The trade union leaders took a hard line on this issue; their arguments and calculations were convincing. The government representatives agreed with them. They arranged (and put it in the agreement) that the USSR Cabinet of Ministers, in cooperation with the governments of the republics, will set forth procedures for replenishing the lacking monies of the social security fund.

Recently, the Presidium of the General Confederation of Trade Unions Council adopted a resolution on preferential procedures for the sale of vouchers to working people. Ten percent of the vouchers will be issued free of charge, 70 percent for one-tenth of their value, and 20 percent for less than one-third of their value.

Of course, it is impossible to discuss all the numerous points and subpoints of the agreement. They touch on the procedures for issuing funds to enterprises for the priority social and health- maintenance needs of the working people, certain aspects of calculating income tax, compensation for the employees of trade unions, cultural, educational, physical culture, and athletic facilities not affiliated with schools, and many other subjects.

Special chapters are devoted to ensuring the employment of the populace, developing the social sphere in the countryside, reinforcing the economic protection of health care, education, culture, and sports employees (this is where a reference is made to the allocation of hard currency for purchasing medicines abroad and preserving the existing level of prices for drugs in the country). A set of measures to protect the populace

against the consequences of the Chernobyl disaster was laid down. It is planned to publish the full text of the agreement.

### **Referred to the Reconciliation Commission**

Some issues which called for additional work were referred to the Reconciliation Commission, particularly that of the one-percent tax on working people which is contributed to the retirement fund.

V. Shcherbakov, chairman of the General Confederation of Trade Unions, raised the issue sharply at the meeting: "The workers say unequivocally: 'Make no claims on my wages. This is the money I have earned, and I will manage it myself.' In the opinion of workers, it is precisely because of the one-percent tax that their pockets are being 'relieved.' The money is contributed to an impersonal pension fund, and this is what many object to."

It is now up to the Reconciliation Commission to find a solution. If they do not succeed in abolishing this tax altogether, it would be best to transfer these funds to individual, personal accounts so that all will be able to receive them later as retirement payments.

The Reconciliation Commission is also working on the issue of the USSR Cabinet of Ministers, in cooperation with the governments of Union republics, abolishing the five-percent sales tax on the broadest possible assortment of goods, foodstuffs, and services belonging to the consumer basket.

### **On Strikes**

When you read the agreement, you see that it codifies for the most part the obligations of the USSR Cabinet of Ministers. However, there are lines in it which affect the trade unions. Here is a quite small entry, just one phrase, but it is highly significant. The joint document says that the USSR General Confederation of Trade Unions Council and its membership organizations will refrain from organizing strikes—this applies to demands on which an agreement has already been reached.

### **From a Position of Reason Rather Than Strength**

As we returned from the Kremlin to the Palace of Labor on Lenin Avenue in the capital city, we discussed the outcome of the negotiations and the significance of the agreement signed. Undoubtedly, this is an important event. The search for paths to an agreement was difficult. However, the sides acted from positions of reason rather than strength, they strove for a compromise proceeding from the actual potential of our disintegrating economy. Of course, it is a pity that some of the ideas could not be implemented. This was the case with, for example, the demand to immediately increase the minimum size of compensations (V. Pavlov said: "We have given our money, and now the republics will have to decide"). Likewise, they did not succeed in abolishing the five-percent tax on sales and services completely.

Therefore, we may say that a new relationship between the government and the trade unions has been initiated, and a precedent has been set which will be very significant in the future. The main point is that they have succeeded in actually proving that it is possible to solve complex problems by means of a constructive dialogue rather than a destructive confrontation. They may go further tomorrow, new issues may be raised, and more forceful arguments may be made; a beginning has been made.

The signing of the agreement is not the end of laborious work, but merely the beginning. Everything they have agreed on will have to be carried out now; the timely development of specific mechanisms and their implementation will have to be monitored. It is known that even the best decisions may be so transformed in the course of execution that next to nothing will remain of the original concept. This cannot be allowed to happen by any means.

The first step has been taken along a difficult path leading us far away. As a Chinese proverb says, even the longest path begins with the first step.

Still, we would not like our readers to get the impression that all the main problems have been solved with the signing of the agreement. The situation in the country is extremely complex; the dissatisfaction of the masses is mounting; the disintegration of the economy and the crisis of power are continuing. The calls to impose a state of emergency are being heard from different sides. Will the agreement help stabilize the situation in our society? Time will tell. The confrontation and split in our society are quite deeply rooted. One would like to believe that it is still possible to overcome the crisis and the contradictions by civilized methods, without "extraordinary measures." I think that the agreement that the government and the trade unions have reached is significant from this point of view.

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Yesterday, a press conference for Soviet and foreign journalists was held at the Palace of Labor. USSR General Confederation of Trade Unions Chairman V. Shcherbakov frankly outlined the situation in the country, discussed the position of the trade unions and the agreement with the government signed on 20 April, and took questions.

In particular, referring to ways to overcome the crisis, he stressed that this will call for harsh measures, including clearly unpopular ones. The great support and confidence of the people are necessary. As we see it, a program of anti-crisis measures should be considered at an enlarged meeting of the Council of the Federation with the participation of representatives from republic parliaments, trade unions, and all influential political movements. The discussion of the anti-crisis program should proceed with complete glasnost. If the program does not gain support an extraordinary Congress of USSR People's Deputies will become necessary.

The General Confederation of Trade Unions chairman said that in all of these processes, the trade unions see their main task in defending the working man and his family as much as possible.

### RSFSR TU Press Conference Report

914F0195C Moscow TRUD in Russian 20 Apr 91 p 1

[Article by F. Yemchenko: "A Week for Consideration"]

[Text] Yesterday FNPR [Russian Independent Trade Union Federation] Chairman I. Klochkov gave a press conference.

I. Klochkov said that an extraordinary plenum of the FNPR Council took place the other day which used a conference-call system. The plenum decided to organize an all-Russia protest action on 26 April. All work will be suspended for one hour at enterprises, institutions, and transportation systems. In those places where operation of machinery cannot be interrupted because of law or production technology, such forms of protest as rallies, mass demonstrations, or "work-by-rule" may be used.

The Russian trade unions present the following demands to the highest organs of administration and power of the USSR and the RSFSR [Russian Soviet Federated Socialist Republic]:

- remove all restrictions on wage increases;
- adopt the republic laws on income and employment indexation, and design an efficient way to apply them in practice;
- repeal the five-percent sales and services tax;
- repeal the impersonal one-percent retirement tax;
- ensure affordable prices in cafeterias for school and college students, and workers;
- establish a minimum leave of 24 working days, a minimum wage of not lower than R195, and a working week that will not exceed 40 hours.

"One of the main items among our demands," emphasized I. Klochkov, "is doing away with wage increase restrictions. If we are switching to free market prices, the price of labor should be a free market one also. Recently I happened to visit Volgograd. Together with some economists at one of the plants there we calculated the amount of wage increases there compared to 1989. Before 2 April of this year it only grew by 11 percent; then it rose by another 17 percent after the compensation was paid, the total growth was 28 percent. The combined increase in prices for the same period amounted to approximately 300 percent. Our people have been cheated. The cauldron of social tensions is heated near a boiling point. The indignation of the working people is assuming various forms of protest. We want to counter unruliness with organization as we use civilized methods in our struggle."

### Question by TRUD correspondent.

We have noticed obvious attempts to put pressure on the trade unions lately. The USSR Supreme Soviet session has already considered the first reading of an amendment to the law "On the Procedure for Settling Collective Labor Arguments (Conflicts)." Can this expected action provoke our legislators and the country's president to take some antitrade union measures, such as a moratorium on strikes?

[Klochkov] We have already expressed our attitude towards the new version of the law that you mentioned. We are being offered an openly conservative legislative act directed against trade unions and against workers. The FNPR Council has prepared its package of comments and proposals in connection with this law. We think that the adoption of any "amendments" would mean an attack on the democratic rights of the working people. To declare a moratorium on strikes, rallies, and mass demonstrations now means to drive the disease down even deeper. It means to lose the opportunity for a dialog in our society.

### Striking Miners Put Pressure on Working Miners

LD2304204991 Moscow TASS in English 1841 GMT  
23 Apr 91

[Text] Donetsk April 23 UKRINFORM-TASS—Strikers have stepped up a pressure campaign against operating mines in Donetsk, Ukraine. At Oktyabrskaya Square, the site of a two-week rally, strikers refer to miners who continue working as "scabs and traitors wishing to line their pockets at someone else's expense."

Presumably, Donetsk miners, who have been striking for the second month now, rule out even the possibility of existence of another opinion, different from their own position. The strikers are adamant that the strike should continue until political and economic demands have been fully satisfied.

Naturally, nothing is said at rallies about the consequences of such strikes. Neither do strikers say anything about the decision of the republican parliament to qualify any calls for strikes as undermining the sovereignty of the Ukraine, as actions directed against the people.

Leaders of the ongoing strike seem to be dissatisfied with the current situation. Out of 122 mines in the region, 30 to 40 mines have stopped producing and unloading coal. Therefore the strikers stepped up their pressure on working mines, dispatching envoys across the region.

"Representatives of strike committees visited us on many occasions, but we are not going to lay down tools," Venzhega, chairman of the labour collective council at the Zasyadko mine, told UKRINFORM. "Our collective supports strikers' demands, including political ones. However, we rely on constitutional measures rather than strikes as a way to pursue that goal. We are convinced



that the current strike is ill-timed and is not generally supported by miners. Furthermore, it infringes upon democracy and the sovereignty of the republic."

### Miners' Strikes Damaging Economy

914F0196B Moscow IZVESTIYA in Russian 23 Apr 91  
Union Edition p 1

[Article by V. Romanyuk: "A Boomerang. What Miners' Strikes Are Costing Our Economy"]

[Text] Reports from coal-mining basins are as alarming as can be. It was expected that miners would return to the stopes after they met with the government and many of their economic demands were met. In some places, they indeed resumed work. However, many mining collectives are still on strike. They are not satisfied with the concessions the government has made. A number of coal basins, primarily the Kuzbass and Vorkuta, continue to insist that their political demands be met. The USSR president made a reasonable observation on this topic with complete self-control: There is a constitutional procedure within whose framework this issue should be resolved.

However, the fact is that the strikes are still on, and their ominous destructive consequences are already being seen in related industries, and not just there. S. Spiridenkov, dispatcher of the Ministry of Metallurgy, communicated the following: three blast furnaces have been shut down at Magnitka. In the last day, consumers failed to receive 4,000 tons of metal; another 3,200 tons were not shipped from the Kuznetsk Metallurgical Combine, and 3,400 tons from the Orsk-Khalilovo Combine. On the whole, the country's metallurgists failed to produce 82,000 tons of pig iron; 26 blast furnaces are down. This is the first and direct blow dealt by the miners' strikes: Since the beginning of April, the miners have failed to ship 2,121,000 tons of coking coal.

An emotional presentation by I. Franstenyuk, director of the Novolipetsk Metallurgical Combine, on Central TV sticks in my mind: he tried to convince the miners to stop the strikes and to prevent the destruction of coke ovens. I do not know whether the metallurgist's pleas got through to its addressees. However, in the days since, the situation has been even more aggravated: The duration of coking had to be increased from between 14 and 16 hours to 36 hours at coke ovens No. 7 and No. 8. Here is a report from Nizhniy Tagil Metallurgical Combine: four blast furnaces out of six have been shut down; preparations are in progress to shut down one more furnace. The coke ovens are in the critical part of the coking period which is followed by the complete destruction of these facilities.

I called the Minelektropotekhpribor [Ministry of the Electrical Equipment Industry and Instrument Making], one of the supplier industries.

Deputy Minister Yu. Kuprikov said: "The directors of five enterprises which are on the brink of stoppages have

just visited me. On the whole, half of the needs of the industry are being met. Meanwhile, any industry may be 'done in' if it fails to receive even a small amount of sheet goods or dynamo steel. Today, the Yaroslavl Machine Building Plant is shutting down—there is no steel for the shafts of electric motors. Among others, the coal industry and the metallurgical industry need these motors. Our capital-city plants—the searchlight plant and the plant imeni Vladimir Ilich—as well as the Riga Machine Building Plant and the Bishkek Vacuum Equipment Plant, have suspended production of washing machines. Two electric bulb plants have stopped manufacturing bulbs due to the absence of components prepared with the use of coke."

This affects our meager market for merchandise. Justified as the demands of the miners are, should the entire country be backed into a corner in order to meet them? At present, the consequences of the miners' strikes are apparent even in the pharmaceutical industry. Thirty-six enterprises producing medicinal preparations receive products from coke processing. However, there is no coke, and this is why as many as 80 different antibiotics, korvalol [heart medication], and luminal [sleeping aid] have disappeared from pharmacies. The Anzhero-Sudzhensk Chemical and Pharmaceutical Plant which produces cardiovascular preparations has been shut down. The Bolokhovo Vitamin Plant has stopped because calcium carbide is not available. The Tuymazy Medical Glass Plant is not delivering ampules and bottles. Meanwhile, the daily requirement of the industry amounts to 20 million ampules, four million bottles for blood and its substitutes, 10 million jars, vials, and bottles for injection-type products. At present, there is simply nothing to pour these medical preparations into. It will be necessary to purchase imported medicinal preparations worth \$3 billion in order to offset this sudden shortage alone. It would be very inhumane to leave the patients without drugs.

Alas, everything is interconnected in our state. Last year, 1,800 enterprises and organizations were on strike in the country, and 10 million man-days were lost (without taking into account the losses of customer enterprises). It turns out that this was just the beginning. The USSR State Committee for Statistics has just communicated the following: in the first quarter of the year, losses of time due to strikes came to 1,169,000 man-days, of which 573,000 were in Russia and 577,000 in the Ukraine. In February and January, the average daily output of coal was two million tons, in March it was 200,000 tons lower. Direct losses exceeded six million tons. In April, the situation deteriorated further: in the first half of April, deliveries from Kuzbass miners to metallurgists alone fell short by one million tons of coking coal. Even the Kemerovo Coke Chemistry Combine is threatened with a production stoppage. Forty-seven out of 76 mines in the basin are on strike. Of a total of 494 mines, between 110 and 112 are on strike, that is, approximately one in four. Since the beginning of the strike, they have failed to ship 11.6 million tons of coal. This amounts to 1.2 million rubles.



Here is an astonishing fact: in the Kuzbass, the Nagornaya mine, which operated on the principle of "production without shipment," but whose director shipped fuel unbeknownst to the workers, was dropped from the number of those on strike. Ways to overcome the impasse are being sought at different levels. Russian Prime Minister I. Silayev has held a conference with the representatives of coal-mining regions. It is not clear at this point whether the measures developed will be effective. At any rate, the major Rapsadskaya mine, which has been transferred to Russia's jurisdiction, stopped its political strike. In the opinion of N. Snopov, leader of the independent trade union of Ukrainian miners, there will be no winners in the strikes, only losers.

They believe that discontinuing a strike without winning anything is like getting a slap in the face. This is why the strike wave keeps rolling. However, our situation has already become a solid stalemate. Who will take the first reasonable step? It is necessary now. Prime Minister V. Pavlov, who stated that "there is nothing left to be taken away from anyone else," is not in a position to take this step. Perhaps, the workers' collectives will have to take it, meeting each other's needs. One thing is clear: nothing can be secured by destroying the country's economy.

How do the striking miners themselves view the situation? What way out do they see? The editorial office has instructed its Kemerovo correspondent to prepare an article about this.

#### **Pechora Coal Miners Want Switch to 'Russian Jurisdiction'**

*LD1804163991 Moscow TASS in English 1409 GMT 18 Apr 91*

[By TASS correspondent Viktor Makarov]

[Text] Vorkuta (Komi Republic) April 18 TASS—Pechora coal miners intend to switch from federal to Russian jurisdiction. The Vorkuta miners have formed a delegation for negotiations on the issue with Russian Prime Minister Ivan Silayev which is to leave for Moscow today.

Twelve out of a total of 13 mines in Vorkuta, which is situated beyond the Arctic Circle, are still on strike. Miners demand the dissolution of the USSR Supreme Soviet and the immediate signing of the general agreement on tariffs. These demands were supported by the population of Vorkuta at meetings which took place in the city on Wednesday evening. Vyacheslav Tukan, deputy chairman of the city strike committee, told TASS. The call of the workers of the "Promyshlennaya"

mine on the Soviet leadership to stop price increases on foodstuffs and consumer goods was also supported at the meetings.

#### **Coal Mine Jurisdiction Discussed**

*LD1804221691 Moscow TASS in English 2102 GMT 18 Apr 91*

[By TASS parliamentary correspondents Boris Zverev, Yuriy Kozmin and Andrey Surzhansky]

[Text] Moscow April 18 TASS—The transition of coal mines from the all-Union subordination under the jurisdiction of the Russian Federation was today discussed at a meeting at the Russian Government.

The meeting was attended by representatives of work collectives, strike committees, trade unions, mine managements, as well as Russian Prime Minister Ivan Silayev and all-Union Minister of the Coal Industry Ivan Shchadov.

Miners expressed doubts concerning the ability of the all-Union Government to settle their social problems and to pull the industry out of the serious crisis.

They see a condition for gaining full economic independence in the transfer of mines under the jurisdiction of the Russian Federation.

Speaking at the meeting, Silayev stressed that this would be "not the change of a signboard." In his opinion, the main issue is about ownership and the right to dispose of the end product.

First Deputy Russian Prime Minister Yuriy Skokov said about the results of the meeting. [sentence as received] Speaking at a session of the republican parliament, he said that meeting participants agreed to set up a commission which will draft a procedure and program for the transition of collieries under the jurisdiction of the Russian Federation.

#### **Uralmash Plant Votes to Expel CPSU**

*914F0202A Moscow KOMSOMOLSKAYA PRAVDA in Russian 26 Apr 91 p 1*

[Article by V. Sanatin: "Everybody Has Gone to the Kuzbass"]

[Text] Sverdlovsk—A war is a war. In 1941 the following message was found on the doors of ispolkoms [executive committees]: "Everybody has gone to the front." At present, however, we may hear this in the silent hallways of ispolkoms: "Everybody has gone to the Kuzbass."

The fifth session of the Sverdlovsk Oblast Soviet had to be postponed. Despite the fact that most deputies voted against rescheduling the session, the presidium put its business files together and flew off to the Kuzbass as a tightly knit team.

The residents of Sverdlovsk did not hope that E. Rossel, chairman of the oblast ispolkom, and his deputy V. Grebenkin would succeed in snatching one or two trains with coking coal from the jaws of a political strike, but still...

All metallurgical plants of Sverdlovsk Oblast are expecting to shut down production on 1 May. At the oldest Verkh-Issetskiy Metallurgical Plant, the cold rolling steel shop alone will release, that is, throw out onto the street, 2,000 workers. Tens of thousands of steelworkers will be left without means of support in the Urals after eating the one kilogram of May-Day holiday meat to which they are entitled by tradition. The Verkh-Issetskiy Plant has a monopoly on producing transformer steel. Subsequently, unemployment will reach the Leningrad Elektrosila, the Zaporozhye Transformer Plant,

and all enterprises manufacturing hydropower generators, electric turbines, and electric motors...

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For three days now a referendum has been under way at the Uralmash in which machine builders are being asked to vote "in favor of" or "against" keeping a CPSU party committee within the compound of the association.

Stoppages of entire production facilities and mass unemployment are in store. Nonetheless, informals (this is how they call here a motley bloc of democratic parties and unions) at the plant have been taking a hard line on ultimately parting with the CPSU for about a year now.

According to preliminary data, more than 70 percent of the employees of the plant have voted. More than 80 percent of those voting came out in favor of the CPSU operating outside the compound of the plant.

## CIVIL AVIATION

### Gromov Flight Research Institute Work Highlighted

914H0144A Moscow PRAVITELSTVENNYY  
VESTNIK in Russian No 14, Apr 91 p 12

[Article by L. Chernenko: "How Airplanes Are Taught to Fly"]

[Text] The noise of jets is continuous here. A missile-armed jet speeds into the sky, and a fighter shoots upward. An interceptor is approaching for a landing, and a giant transport aircraft has touched down on the runway. All of our aircraft pass through this airport in suburban Moscow. Not one new MiG, Il or Tu [Ilyushin or Tupolev] aircraft is missed. Those beginning their journey here will be passenger aircraft landing at international airports flooded with lights, "air taxis" headed for unpaved strips in remote settlements, and menacing combat aircraft which will land on a "concrete strip" in the tundra or the "5-kopec coin" of a ship's deck surrounded by the limitless ocean after completing their missions.

But before beginning their service aloft, they have to make hundreds of takeoffs and landings here, at the Flight Testing Institute imeni M. Gromov. Results of the tests, which may be continued for many years, also determine what will happen to the new types of aircraft. There are no insignificant aspects to this work. After all, this involves people's safety and the huge expenditures needed if production is to be undertaken. It also involves technical progress and man's eternal struggle to conquer the ocean of air, which still has many "blank spots." The risky work of the test pilots and the labor of many thousands of persons in the LII [Flight Testing Institute] collective is to detect them, to eliminate all possibilities of an accident, and to make flight as safe as possible. The scientists, engineers, and pilots operate on the edge of the unknown and peer into tomorrow.

The shape of tomorrow for our aircraft can already be seen at the institute's airfield. The Tu-204 and Il-96 airliners, as well as the Il-114, which will be used on local air routes, are undergoing certification testing here now. Both the overburdened Aeroflot and we, the passengers, are waiting for these advanced aircraft. But for the present, only instruments are traveling in the airliners' cabins. They are recording the status of the aircraft under various flight conditions. Individual systems are being refined in the "flying laboratories." It is hoped that these aircraft will soon appear on the country's airways.

Combat aircraft are being tested as well. An Su-27K makes a steep takeoff, practically without a takeoff run. Although it is hundreds of kilometers from the suburban Moscow airport to the sea, this is where the carrier aircraft are completing their "test run" now. The concept of a "springboard" takeoff suggested by the institute's specialists has proved itself completely both during the testing and in practice. The first landings on the heavy

aircraft carrier-cruiser Admiral Kuznetsov were made after numerous refinements at the ground instructional and testing complex. Refinement of various systems and training of flight crews for their new work is being continued now.

About 100 types of engines have been studied at the institute. They include engines which are powered by new forms of fuel—liquid hydrogen and liquefied natural gas. Catapults and various kinds of radio navigation equipment are also being tested at the institute.

One of the scientific departments of the institute is studying problems related to aircraft reliability and safety. Numerous experiments are conducted for this, and the probability of a failure of one system or another or the development of an emergency situation is calculated on computers. This work results in specific recommendations on which systems need to have backups, the restrictions in operation which have to be introduced, and the flight regimes to be prohibited altogether under certain conditions. Aircraft reliability and safety is properly one of the main objectives of the tests and all of the institute's work.

Previously the fate of an aircraft, the decision whether it would be put into series production or not, depended to a large extent on the test pilot and his skill, stamina, and readiness to take a risk. Clearly, when instrument systems were rudimentary, the pilot had to rely more on his own experience and intuition when he made his evaluation of an aircraft.

But now the personality of the test pilot plays a lesser role. The aircraft is evaluated not so much by the pilot as by engineers and specialists on the basis of data processed by on-board measurements. Nevertheless, the demands on a test pilot are very high. Only the true aces come into this detachment. Alas, the risk in this work has not been reduced with improvement in the equipment. As before, the profession of test pilot requires not only considerable experience and extensive knowledge, but a great deal of courage as well.

It would seem that after aviation had entered the jet age and broken the "sound barrier," no particular revolutions would be foreseen. But the "spaceship"—the orbiting "Buran" spacecraft—was developed with the institute's participation, and it naturally became an objective to fly it. A detachment of cosmonauts was formed for this out of a number of test pilots at the institute.

There were a large number of experiments, a search for the correct direction, and the development of numerous circuits and technical solutions for the first successful flight of the "Buran" in automatic mode. But the principal objective—to conduct a piloted flight of the "Buran"—has not been accomplished yet. Test pilots are also being trained for this at the institute. Igor Volk, Magomed Tolboyev, Viktor Zabolotskiy and other pilots are now flying in an aircraft similar to the "Buran." This is practically the same as the "Buran," but with two

additional turbojet engines, which enables it to be flown "like an airplane." After climbing to the altitude needed, the pilots work with all the elements related to automatic and manual control and interaction between crew members and the ground services. The test pilots and scientific collectives are now getting ready to continue operations with the "Buran." The first piloted flight lies ahead.

It is not known at present when it will take place, inasmuch as further work on the "Buran" project is being held up by the shortage of funds. Even though it is sinful to speak about this now, during an overall shortage, it is clear that in patching the holes and resolving problems of the moment, we still need to think about the future and progress.

It is a difficult time for everyone now, of course. But perhaps it is particularly difficult for such unique collectives as the LII. At one time it survived the consequences of a change in priorities, when attention given to aviation declined with the emergence of space technology. There was also an outflow of personnel, a dispersal of potential, at that time. Now priority is not being given to cosmonautics itself, and there are more and more questions about whether it is worthwhile to spend money on space.

Less and less funds are being allocated for the most important basic research. Entire subjects and directions are being cut off. Skilled specialists are leaving for cooperatives, enticed by the high salaries. There is the threat that commonly understood cost accounting in science and ill-considered conversion will be a detriment to progress in the final analysis. And now, at a time when the complex is not being developed to its full value, it is extremely important to maintain the high intellectual and scientific-technical potential created in the LII and other similar collectives for that reason.

It is now in vogue to severely criticize, to subject to question, our many domestic achievements. But after all, there are fields where we have created a powerful potential, reaching the world level or even surpassing it. One of such places is the Flight Testing Institute. Specialists acknowledge that this is the best flight testing base in the world. The directors of leading American institutions of this type who visited the LII recently have also given it a high evaluation.

It should also be mentioned that the LII is the only organization in the USSR recognized by the International Aviation Federation as an organ competent to record world aviation records. More than 400 world aviation achievements have been recorded here in past years.

The time when aviation was idolized by society, boys were mad about airplanes, and all pilots were considered heroes has passed, of course. We will not return to this. But we can and must return with new effort to arouse the interest of the younger generation, which is fascinated today with rock music and "u-shu" [meaning unclear], in

technology and reveal the fantastic opportunities for creativity in this field for them. After all, this is the guarantee of our future and our prosperity.

It is no coincidence that interest in technology and its opportunities is fostered in children from the earliest age in the West. I recall when I was in Munich, we thought at first that we had entered a school or a kindergarten when we entered the building housing the management of the Siemens firm. Hundreds of brightly colored children's jackets were hanging in the cloakroom. And when we passed into the halls of the firm's museum, we saw that the principal visitors there were children. They were sitting at computers, dialing old telephones, and keying the alphabet in Morse code. They were interested in the world of technology. I saw a similar scene at the BMW firm, where the children were surrounded on all sides by automobiles arranged in a gigantic vertical spiral. They were able to sit behind the wheel, press the pedals, and look over the engine depicted in cross section. And I wondered whether the source and secret of German technological genius and the high level which the country had reached in technologies was the children's intellectual curiosity.

I also recall the international air show in Australia, and one of my most vivid impressions was the large number of children and their interest and delight in the airplanes, which does not vanish without a trace. And here you wonder: why don't we have such international air shows in our country? We need products and things today, of course, but we also need the unique spectacles which air shows provide for our hearts and our minds. People should be allowed to feel the power and refinement of advanced technology.

Professor Konstantin Konstantinovich Vasilchenko, the chief of the LII, Hero of Socialist Labor, and holder of the Lenin Prize, has been championing this idea for a long time. Even before the age of glasnost, in his institute, which was bristling with barbed wire and "Secret" classifications, he tried to conduct open exhibitions of advanced aviation equipment, including combat aircraft. One of these exhibitions was held quite recently, in March, timed for the institute's 50th anniversary. Vasilchenko was pleased to observe the delight with which the children looked over the combat aircraft. They were shown exhibition flights and films on space equipment and carrier aviation. The professor-aviator is convinced that this encounter with the institute aroused genuine interest among the children. And this is what is most important.

"This year, in August, we want to have a kind of air show at our institute," Vasilchenko said. "We will show the new Il-96, Tu-204, and Il-114 and the MiG-29, Su-27, and Tu-160 combat aircraft. There will be flying, of course, and demonstration flights as well. In a word, we want to put on a real aviation holiday."

We want to believe that no matter how worried we are about today's problems, the spectacle of power and

beauty of advanced aircraft will not leave anyone indifferent. They realize at the institute that propaganda such as this, active contact with people, and their interest and support are no less important than scientific developments. And perhaps the flight testing center in Zhukovskiy will soon become the same kind of famous location for international air shows as Farnborough and Le Bourget.

## MOTOR VEHICLES, HIGHWAYS

### Auto Plant Problems Highlighted

914H0141A Alma-Ata AVTOTRANSPORT  
KAZAKHSTANA in Russian No 1, Jan 91 pp 1-4

[Article by AVTOTRANSPORT KAZAKHSTANA special correspondent S. Veys: "The VAZ: New Models, Old Problems"]

[Text] Tolyatti-Alma-Ata—Vehicles of the AvtoVAZ [Volga Automotive Plant] do not have to be advertised. Any model leaving the assembly line in the city of Tolyatti is the cherished object of the dreams of all Soviet motorists. During the 20 years of the plant's operation, a good number of such vehicles have been produced even by world standards—12,351,000. If we take into account the fact that the entire fleet of passenger vehicles in our country consists of approximately 13.5 million cars, the contribution of VAZ will be even more obvious.

### A Quarter of a Century later

Tolyatti greeted me with snow and a blizzard. It is hardly a pleasurable pursuit to get from one end of this large, extremely spread-out city to the other using public transit. The plant itself is located in the so-called new city, and its management facility is in the old city, 20 kilometers away. I thought: How do workers who live across the city get to the plant; after all, the assembly line will not wait?

An older VAZ employee in a crowd at a bus stop told me: "This is how we get there. On occasion, we have snow drifts on the roads, and then they 'write off' these days for us."

As I set out for the plant in the kindly provided brand-new Ford, I tried to recall everything I knew about the Volga Automobile Plant plus the information I had received in the advertising department of the AvtoVAZ Association.

In 1966, a contract was signed with the Italian company Fiat. In 1967, the construction of the plant began. In 1970, the first six cars left the assembly line. This was the initial Fiat-124 model, also known as the VAZ-2101, which was produced with insignificant modifications for 18 years. In 1971, the first unit of the VAZ was commissioned. In 1972, a commission accepted the second, and subsequently the third, VAZ units. In 1973, the one-millionth car left the assembly line.

As of now, AvtoVAZ is the largest machine-building enterprise. Its fixed assets cost 4.5 billion rubles [R]. The total area occupied by the leading Tolyatti Plant is 550 hectares. The built-up enclosed area is 3.6 million square meters. Some 33,000 pieces of equipment are installed in the shops, including 400 automatic lines and 280 kilometers of assembly lines.

The originally designed capacity amounted to 660,000 cars a year. At present, VAZ produces 730,000 passenger cars annually, the main models being the VAZ-2104, 2105, 2106, and 2107, the front wheel-drive Lada-Sputnik with three or five doors (the export model is called Samara), the VAZ-2108 and the VAZ-2109, as well as the VAZ-2121 Niva and the VAZ-1111 Oka. Many of them are sold abroad.

Seven plants belong to the AvtoVAZ Association. The Volga Plant is the leading, general plant for mass, assembly-line production: casting, forging, stamping, mechanical treatment, welding, painting, assembly, and other types of production.

A glass-enclosed gallery offers an impressive view of the compound, production buildings, the high-rise structure of the design complex, and the test track. Hundreds of cars of every color—blue, burgundy, green, beige, and off-white—are lined up in several rows in the compound. I thought for a moment that these were finished products, but an engineer who escorted me explained:

"This is an unfinished batch. There are some subcontracted parts missing in these cars, lights, for example. Our suppliers failed to deliver them. The cars are driven off the assembly line in order not to stop it, and are parked away until the needed part is received."

We walked along the moving multi-colored thread of the main assembly line. There was an entire palette of colors. Red gripping devices lifted shining new bodies and carried them along, transferring them from one assembly section to another. Assembly workers inserted glass, assembled electric equipment, and tightened bolts within mere seconds. There were many young men and women on the assembly line, all of them wearing neat overalls. The noise was incredible, and yet I managed to ask several questions.

"How many such operations do you perform per shift?"

"About 600."

"Where did you come to the plant from?"

"A technical trade school."

"Do you like it here?"

"Not really."

"How much do you make?"

He showed me his pay log:

"R320 with overtime. Used to be less."



"Do you have your own car like that?"

"No."

"Is it not your turn yet?"

He smiled: "I don't have this kind of money."

### Contract of the Century

VAZ attempts to keep up with the times, despite the crises in our country which have certainly affected the plant as well. The recent sensational signing of a contract with the American General Motors company is one more proof of that. In essence, under this contract the company will organize in the USSR the licensed production of control systems for engines of VAZ cars with electronic fuel injection, which will reduce the toxicity of exhaust. This is a way to make a car as ecologically clean as is presently possible.

Modern trends in the world automotive industry are such that electronic technologies invade it more and more imperiously. Technical cooperation with the Americans will finally advance our domestic automotive industry to a qualitatively new level. This is what the newspaper VOLZHSKIY AVTOSTROITEL said on this topic: "Electronic devices will make the regular carburetor unnecessary; they will control and optimize the combustion of fuel. The design is approximately as follows: the electronics—the engine; they interact on the principle of direct links and feedback through a system of sensors." You cannot go into an engine of this kind with a wrench and a screwdriver. A block replacement of damaged systems at technical service stations and... a range safety margin are all that is envisaged. Splendid, is it not? However, how is this going to work in combination with our less-than-fortunate auto service? If only it would keep up with the requirements of the time

However, as they say, the contract is what it is, but the cars will be designed here, at the AvtoVAZ. It is no accident that the cream of domestic designer cadres are gathered here, and hundreds of talented people are drawn into new design work. They have the use of not only drawing boards but also of state-of-the-art computers, numerous test facilities, and laboratories.

### A Designer on Novelties

I approached P. Prusov, deputy chief designer of the association, with the following question: "What new cars will leave the plant's main assembly line in the immediate future?"

He answered: "First of all, I will say that when we develop new models and look toward the future, we continue to perfect models which are already in production. Three variations of a modification of 'model nine,' the VAZ-21093, will be produced which will differ in the degree of finishing. The most expensive models are the VAZ-21093-02 and the VAZ-21093-03 (deluxe). They have the same body, a five-door hatchback; the engine is

the VAZ-21083 with a 1,499-cubic centimeter displacement. Novelties include a carburetor equipped with an automatic device, a new steering wheel, an on-board control system, and headrests in the back seats."

[Veys] Petr Mikhaylovich, so far the VAZ-2103 and 2109 models and modifications of them have been produced with a two-volume body [c dvukhobemnym kuzovom]. When can we expect the arrival of a car with a three-volume body [c trekhobemnym kuzovom]?

[Prusov] Last year, an experimental-industrial batch was produced, and this year we will begin mass-producing our first front-wheel drive sedan of the VAZ-21099 model. It will be assembled on the same assembly line as 'model eight' and 'model nine.' It will have 1,300- and 1,500-cubic centimeter engines. The sedan is 199 millimeters longer than 'model nine,' and the rear overhang of the car will be greater.

[Veys] What will replace the Niva? After all, it has been in production for 15 years now.

[Prusov] By the end of this year, we will begin to produce, the VAZ-21213. The design is almost the same, except that we will extend the door to the floor to meet requests. However, there are fundamental differences. The automobile will be more economical due to optimal transmission numbers (the main gear—3.9). The gear box has five gears. Engine capacity is 1.7 liters. A non-contact ignition system is envisaged.

[Veys] As long as two years ago, the future VAZ-2110 base model was shown at the Exhibition of Accomplishments of the USSR National Economy. Has a multi-valve head [mnogoklapannaya golovka bloka] been put on it, as is characteristic at present for most cars in the world? When can we expect this model to appear on our country's roads and streets?

[Prusov] It is not going to happen soon. We cannot expect production of this car before 1993 at best. Indeed, a 16-valve head is provided on the models 2110 and 2112, as well as other novelties.

[Veys] Let us go back to the cars currently in production. Our readers ask what is being done by the plant designers in order to eliminate defects in the VAZ-2108 and VAZ-2109 models, such as insufficient sealing and dirt on the rear windows? There have also been complaints about the electronic ignition system breaking down frequently. Spare parts for it are in short supply.

[Prusov] As far as the ignition system is concerned, this question should go to production personnel rather than to us. However, I must say that recently this defect has not occurred on a mass scale. Side wind cowls [obtekateli] have been introduced in order to eliminate other deficiencies. We have developed new seals which are now being mastered; they substantially improve the air-tightness.[end Prusov]

### Cars and "Wooden" Rubles

There is no dearth of production, economic, and social problems at the AvtoVAZ Association.

We do not have to discuss our domestic market: as is known, all models are snapped up here. It is more difficult in the foreign market. It is no secret that the competitiveness of our Samaras is still very poor. They are sold in many countries of the world on a regular basis, but this is due entirely to their low, almost dumping prices (10 times lower than in the domestic market) and the efforts of dealers.

At the VAZ hotel, I struck up a conversation with a Bulgarian, an IAEA [International Atomic Energy Agency] representative. He bought his Samara VAZ-2109 in Italy, and a dealer installed a diesel engine in it instead of a regular production engine. Interior upholstery was changed. He purchased it for R708 in terms of our currency. What kind of business is this? Hard currency does not come easy for the VAZ.

When our Lada-Samaras cross the border, they sort of cease being Samaras—this is how substantial the modifications are. Electronic devices are installed; in some cases, the engine is replaced, the interior and paint are upgraded. Comfort, reliability, and ecological cleanliness are trump cards the VAZ cannot yet use in competition with Western companies.

During a conversation, a plant worker said bitterly: "How am I worse than a Japanese or American worker? Why is quality better in their automotive industry?"

Understandably, the question was not addressed to me.

However, if we try to answer this question, this perhaps has to do with the monopolistic nature of the domestic automotive industry, the technology gap, inadequate organization of production, and last but not least, poor financial incentives for employees.

Here is a simple example. A Fiat worker makes more money, and buys his company's cars at a considerable discount, certainly without any waiting. We have already mentioned the wages at VAZ. I heard the following song here: "I neither ate nor drank for seven years, and I bought a Zhiguli." However, even if a worker saves up a certain amount and borrows the rest from friends and relatives, he is sometimes deprived of an opportunity to buy the car he puts together on the assembly line. The waiting list here is 20 years long.

So, the workers wait for transportation at bus stops, looking with envy at brand-new "model eights" and "model nines" zooming by and spewing exhaust at them.

There is a housing shortage in the city of AvtoVAZ workers; many store shelves are empty. Almost all food-stuffs, including cigarettes, are sold by ration cards.

In a word, the lives of AvtoVAZ personnel are perfect replicas of all the crisis phenomena of our time. The

people at the plant are talented and hard-working. Our hope is that tomorrow they will live, and therefore work, at least slightly better than yesterday.

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### RSFSR Transport Ministry's Work Outlined

914H0137A Moscow AUTOMOBILNYI TRANSPORT  
in Russian No 12, Dec 90 pp 1-2

[Article by V. Yefimov, RSFSR minister of transportation: "Tasks Facing the RSFSR Ministry of Transportation"]

[Text] In our issue No. 10 we informed our readers of the founding congress of the State Automotive Transport Concern of Russia (Rosavtotrans), where issues of cardinal changes in the administration of the transportation industry in the RSFSR [Russian Soviet Federated Socialist Republic] were discussed.

Today we continue publication of the materials of the congress.

The parliament and Government of Russia have created a new Ministry of Transportation; it will be a new kind of ministry in terms of the tasks and functions assigned to it. It will be a purely functional ministry, and it will not have a single enterprise or organization under its jurisdiction.

The ministry is charged, however, with the task of state administration of all types of transportation of all ownership forms that operate on RSFSR territory.

The creation of this ministry was the result of the need to meet the transportation requirements posed by the emerging market relations in the economy.

Market relations require the formation of a market of transportation services and transportation and distribution systems that are geared not only toward the effectiveness of transportation per se, but also toward the effectiveness of society itself and its necessary economic and social needs.

The transportation system, torn apart by departmental interests, has created an economic and legal mechanism mainly aimed at economic benefits for the transportation department itself. The general transportation needs of society are not being met, and if they are indeed met, it is often done at a loss to the consigner of goods, the population, and the state. Narrow departmental interests are not the fault of the transportation industry. It is the general condition of existing economic systems that evolved in a non-competitive environment.

The task of the Ministry of Transportation is, first, to tie together the transportation process that was torn apart by the departments into the system needed by the market economy, that is, needed by the user of transportation services, as well as by the population for transport.

The experience of economically developed countries shows that this task can only be solved by an extensive system of competitive shipping companies. They are the ones that have to take charge of the transportation process, to free the consignor of goods from all efforts related to shipping any party's freight to any point. This will require the creation of a new institute for a new type of transportation agent.

Transportation owners will still have a role which, albeit important, will make it just one of the elements in the distribution system.

This will require a drastic change in investment policy. Transportation departments have a well-developed high-capacity infrastructure for maintaining an operational fleet of means of transportation. What is practically absent, however, is the infrastructure of a transportation-distribution system, capable of moving cargo two to three times faster, and capable of unloading, sorting, storing, packaging, bundling, and delivering goods on schedule in accordance with a contract, without the participation of the consignor of the goods.

In developed countries, revenues from services provided within the transportation process by the trucking industry, aviation, river shipping, and railroads reach 50 percent; in our country, it is three to four percent. It is this gap that we have to close.

The creation of such systems in our republic has to be thoroughly regulated by the state. We need to develop a whole package of laws that will ensure the legal basis of market transportation systems. The laws require a workable mechanism for implementing them, as well as the creation of new structures to ensure their implementation throughout the immense territory of the Russian Federation.

This is the task of our ministry—to develop a package of laws, normative acts, and mechanisms, and to create a structure to implement them. We anticipate accomplishing this part of our work before the middle of next year.

The transportation and road complex is of acute social importance; it affects the mobility of the population, the ecological situation, and safety.

Suffice it to say that every other citizen of the republic uses state transportation on a daily basis.

However, in this system the population is mainly a source of revenue. The safety and comfort of the population are regarded by transportation departments as an encroachment on their profits and well-being.

In this regard, the ministry aims to eliminate the role of the human being as merely an object for extracting revenues in the transportation scheme; to start with, we plan to establish a relationship of accountability between transportation providers and executive committees of soviets, whereby the former will be compensated not for the number of citizens standing at bus stops, but for the

number of runs completed on schedule. This is, first of all, in the interests of residents of Russia, since runs that do not go on schedule count in the millions. The transportation industry itself is suffering from a shortage of moving stock. At the same time, the Federation houses 70 percent of the bus manufacturing capacity. All-Union departments, however, allocate deliveries in such a way that the RSFSR has fewer units per 10,000 residents than the Union on the whole.

I think it is possible and necessary to partially correct this injustice in the coming year.

The Russian Federation has over 400,000 buses; but only 140,000 are used to service public bus routes; the rest are concentrated in various departments and are assigned to less useful tasks.

We will create economic mechanisms that will provide incentives for, and will sometimes even force the use of this enormous potential for achieving greater effectiveness and for meeting the socially necessary needs of society.

I should note that the national industry is not capable of meeting needs for moving stock; at the same time, since 1986 deliveries of buses to serve city and suburban public transportation needs has been reduced by 35 percent. At the same time, the government has reduced purchases of moving stock and spare parts from the Republic of Hungary by 40 percent.

All of this is building up a new acute social problem that is no less significant than the food supply problem. The situation is aggravated by the fact that 43,000 buses that should have been decommissioned are still in use; it is hard to maintain them in a condition that guarantees no threat passengers' lives.

The Ministry of Agricultural Machine Building and the Ministry of Automotive Transportation have developed a program for creating the needed bus-building capacities by 1995; however, for a year and a half now this program has been blocked by various departments. The task of our ministry is to finally break this vicious circle and to breathe life into this vitally important program.

We have a serious responsibility to fulfill before the citizens of Russia in regard to the accident rate—each year 32,000 people die in automotive transportation in the RSFSR.

The analysis shows that the current complex of measures is ineffective and that one of the reasons for this is the absence of a unified system and a program for reducing [as published] the safety level of the transportation system.

As a rule, each department has its own normative requirements which are aimed at protecting their own interests.

A good example is the continuing catastrophes at railroad crossings. With the exception of the train engineer, other participants get away with just compensation for funeral expenses.

Economic protection in developed countries is legally structured in such a way that transportation owners cannot afford the "luxury" of road and transportation accidents.

Using as a basis the experience of our and other countries, a law "On Transportation Safety in the RSFSR" is being drafted.

Only a state-based economic and legal mechanism is capable of channeling the many millions of participants in this process in the necessary direction.

One of the ministry's tasks is to take an active stand in regard to the independence of production subunits and entrepreneurs, and to counteract attempts on the part of new voluntary formations on the oblast and republic level to usurp these rights.

The second task is to use all the economic and legal rights given to the ministry. For incentives: transfer of enterprises into lease, buying them out, creation of small enterprises within or outside their framework; and change to joint-stock ownership basis. This is the policy upon which we build implementation of the targeted program in order to create a distribution system. Only the creation of a competitive environment will finally allow us to direct the transportation system toward the human being, the entrepreneur, or the collective.

Ministries, concerns, and transportation departments that function on the territory of the Russian Federation are working on a targeted program of implementing the 500 days program adopted by the RSFSR Supreme Soviet.

We are going to lay the foundation for this system during the 500 days. It will include a package of legal acts, and mechanisms and structures for their implementation.

In connection with the above points, the Ministry of Transportation, with its new functions and tasks, is to take full responsibility for implementation of the requirements of Russian Federation laws and, acting on the basis of their economic and legal mechanism, is to put back together the transportation conveyor which was torn apart by the departments, and to create an effective transportation system in the interests of the people, the entrepreneurs, and the enterprises—that is, in the interests of the commercial-economic and social needs of the Russian Federation.

Collectives of automotive transportation enterprises, which move 80 percent of the freight and 20 percent of the passengers, have been able, despite the difficulties of the transition period, to annually increase their labor productivity by eight to nine percent; they are providing for the needs of the national economy and the population under very difficult conditions.

I wish workers, engineers, office workers, and management at all levels success in their transition to a market environment; I wish good health to their families; and to themselves—safe work on their routes.

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## RAIL SYSTEMS

### Railway Structures Improvement Program Planned

914H0143A Moscow PUT I PUTEVOYE  
KHOZYAYSTVO in Russian No 1, Jan 91 pp 2-4

[Article by N.N. Abachev, deputy chief of the Design and Capital Construction Main Administration of the Ministry of Railways: "The Program of Reinforcing Man-Made Structures"]

[Text] In the last four years, railroad bridge and tunnel-bridge organizations have considerably increased the yearly volume of construction-administration work: it has grown from 107 million rubles [R] to R150 million (by 40%). The amount of work performed by bridge repair workers for the maintenance-of-way department—its basic indicator—increased from R72.4 million to R100 million (by 38%).

Over 34,000 tons of metal and reinforced concrete superstructures, with a volume of 55,000 m<sup>3</sup> have been installed. Some 120 pedestrian bridges and tunnels, 75 overpasses and 350 culverts have been constructed. Over R100,000 worth of tunnels have been rebuilt. About R50 million worth of cave-in prevention and bank-shoring structures have been erected.

As a result, over 450 train traffic speed restriction warnings have been rescinded. This speaks for itself.

The collectives of the MO-3 Special Bridge Trust of the Moscow Railroad, MO-7 of the Sverdlovsk, TMO-1 of the North Caucasus, Mosttonnelremstroy Trust of the Far Eastern, MSP-2 of the Central Asian and MO-8 of the Alma-Ata roads are working steadily and fulfilling the planned assignments.

There are organizations, however, whose work can satisfy neither the construction main administration nor the railroad nor the purchaser. Among them are the MSP-429 of the West Siberian, the MSP-3 of the South-eastern, the MSP-16 of the Transbaykal, the MO-11 of the West Kazakhstan mainlines and others.

The bridge-building organizations as a rule have higher and more stable economic indicators than the construction-installation subdivisions. This has made it possible for the bridge workers to test their resources in developing new forms of economic activity. In 1989 all the subdivisions of the Mosttonnelremstroy Trust worked according to the second cost accounting model and lease contracting. In 1990, beginning on 1 July, the trust was the first on the network to succeed in making the transition to leasing. The results did not drop, and



remained at the level of those achieved in the first six months. The main thing is something else, though—the Far Eastern Railroad began to relate to the trust as an equal-rights partner, and because of this, intensified its responsibility for fulfilling contractual obligations.

One of the most important forms of capital repair is replacing obsolete and defective metal superstructures with new ones. In 1987, the highest yearly volume of replacement was achieved—9,500 tons. Then this indicator began to drop. What was the reason?

In the first place, the production base of some organizations, which can in no way set up the manufacture of bridge structures, is poorly developed. Out of 39 bridge-building trains and detachments, only 13 have sufficient capacities. Another 12 are producing reinforced concrete in negligible amounts. Thirteen organizations do not deal with this at all.

In the second place, the bridge-building trains are inadequately fitted out with construction equipment and special equipment. An analysis showed that of the available technical devices, 15-20% are due to be written off because of heavy wear and obsolescence. The machines have been waiting for unscheduled repairs for a long time.

The development of bridge organizations in many ways depends on good contact with the purchaser—the maintenance-of-way department. If the department helps a bridge-building train to reinforce a base and formalize the yearly plan correctly, selects the projects and asserts the rights of the bridge workers, the state of the bridge activity on these roads is satisfactory. There are two very graphic examples. Bridge-building train No 10 of the South Urals Railroad was created 10-12 years ago and initially dragged out a pitiful existence. With the coming of I.A. Kichanov, deputy chief of the maintenance-of-way department, and B.P. Yevtyugin, chief of the bridge-building train, the organization was transformed. Now this collective has truly tremendous potentials. Another example. On the West Kazakhstan Railroad, the bridge repair organization was formed at virtually the same time as the MSP-10. It is not only failing to grow stronger, however, but, on the contrary, is sharply reducing the volumes of work on capital repair of structures. Things are going this way because there are no fruitful interrelations with the purchaser. The maintenance-of-way department cares little for bridges, and takes no part in reinforcing the bridge-building train.

The purchaser has the right to include expenditures for the development of production bases in the plans for construction and renovation of large projects. He rarely makes use of this right, however. Furthermore, the maintenance-of-way department of the West Siberian Railroad, for example, was categorically against including expenses to strengthen the base of the road's bridge-building train No 429 in the estimate for rebuilding the bridge across the Ob at Novosibirsk (and this is several million rubles).

In such cases, insistence should be shown with respect to the purchaser and explanatory work done with the designers, since the increase in the volumes of rebuilding the structures depends directly on the capacity of the production bases.

The restructuring of the MSP-21 of the Transcaucasian (Samtredia Station), MSP-829 of the Kuybyshev (Ulyanovsk), MO-9 of the Mosttonnelremstroy of the Far Eastern (Amur) railroads has been completed. It is, however, unfortunately moving very slowly at the MSP-1 of the Moldavian, MSP-46 of the October, MSP-61 of the Lvov, MSP-17 of the Krasnoyarsk and other mainlines. Crucial structures continue to be made under primitive conditions. This can no longer be tolerated. The management of the road trusts and bridge-building trains should make the transition from endless negotiations to practical matters.

Bridge repair organizations continue to amass experience in rebuilding man-made structures for train traffic. Technology has been developed for replacing superstructures up to 110 m long. Bridge detachment No 7 of the Sverdlovsk Railroad has achieved great progress. The bridges across the Sylva, Pyshma, Kamyshinka and other rivers were replaced through the efforts of this collective, and last year over 1,500 tons of metal superstructures were installed.

The Spetsmostotrest of the Moscow, MSP-33 of the Gorkiy, MSP-12 of the East Siberian railroads and a number of other organizations shift a lot of "metal" every year.

By no means everyone is keeping up with them. For example, MO-11 of the West Kazakhstan Railroad stopped work on the bridge across the Ileik River two years ago, and only after repeated appeals to the directors of the bridge detachment, road trust and road chief did it resume reconstruction of the project. MSP-63 of the Lvov Road is among those lagging behind. It has been building a pedestrian bridge at the Chop Station for five years now.

Year after year the maintenance-of-way department of the Far Eastern Road fails to commission the Mosttonnelremstroy Trust to replace the metal superstructures, when its capacity is about 1,000 tons.

Beginning last year, two-year planning of replacement was introduced. It should lead to a more uniform load on the organizations. The construction main administration, with the participation of the Orgtekhstroy PTO [production-technical association], organized the manufacture and supply of UMK-2M superstructure-installing cranes, sandblast machines and pile-driving units. The enterprises of the Ministry of Transport Construction manufactured a GEPK-130u cantilever crane for the Ministry of Railways. It will be used upon requisitions from bridge-building trains, beginning in January 1991.

The Orgtekhstroy plants have developed the output of metal forms for superstructures, elements of pedestrian



bridges, flat supporting parts and pumping stations. The output of stock bridge structures (MIK) and hydraulic jacks with a load-hoisting capacity of 50 and 100 ton-force is slated.

In accordance with the plan for new equipment, equipment has been manufactured to construct culverts using the pressure method, which does not require installing banks and, consequently, "windows". This equipment is being introduced on the Far Eastern Railroad.

Manufacture of a complex to rebuild tunnels being operated for a Tpr [standard planning design] clearance has been completed. It will help to mechanize the processes of lowering inverted arches in tunnels and rebuilding the track on a ballast-free base. The complex will be turned over to MSP-66 of the Transcaucasian Road and tested by it at one of the tunnels.

Capital repair and construction of tunnels on the North Caucasus, Transcaucasian and Far Eastern roads are continuing. The TMO-10 Mosttonnelremstroy Trust had the most interesting and complex project (Kerakskiy tunnel). A unidirectional interlaying of the walls and arch was made there, with the inverted arch lowered to permit trains using electric traction to pass through. The rebuilding was completed in the established period, and with good quality. The Minister of Railways commended the group of TMO-10 workers with an order, and awarded them the rank of "Honored Railway Worker", engraved watches and monetary prizes. The detachment has begun construction of a new tunnel on the Far Eastern mainline.

Construction of two new tunnels on the slope-failure section of the Sambor-Uzhorod section of the Lvov Road has been completed.

The capital repair of tunnels on the road network is mainly carried out in accordance with approved plans and schedules. There are, however, disappointing exceptions. One of them is the rebuilding of the Lutugino tunnel on the Donets Road. Despite the repeated directives of the Ministry of Railways and the construction main administration, over a period of more than three years of work performed by the forces of TMO-2 of the Transcaucasian Road, things are going extremely slowly and with poor quality there. In fact, the structure was closed to train traffic long ago.

The road bridge organizations are entrusted with great responsibility for the quality of the preliminary work and precision in adhering to the schedules for performing the main work when the section is closed. Overlong "windows", however, have not yet been overcome. Most often, they are caused by incomplete preparation, as the result of which the need arises for a "window" that was not specified by the schedule. Sometimes, from the best motives, the director decides to change the approved technology, but in this case he relies, not on engineering calculation and justified risk, but on luck. Last year, the bridge-building trains of the Gorkiy, Dnepr, Lvov and a

number of other roads did substandard work. The directors of the roads, trusts, railroad bridge and tunnel-bridge organizations should remember that any overlong "window" is regarded as an accident and very strict measures will be taken toward the guilty parties.

In 1988 the Collegium of the Ministry of Railways examined the question of increasing the throughput and traffic capacity of the roads through rebuilding and constructing man-made structures. The situation was acknowledged to be unsatisfactory. In accordance with the resolution of the Collegium of the Ministry of Railways, a program was worked out for the period up to the year 2000. The approximate cost for reconstruction of the structures was determined as R730 million, including R510 million for replacing old and defective superstructures with new ones, R100 million for constructing new tunnels to replace faulty ones, and R120 million for capital repair of tunnels. The amount of construction-installation work, allowing for structures such as culverts, bank-shoring structures, retaining walls and the roadbed, is estimated as over R1 billion. Today bridge-building engineers work on projects for maintenance-of-way departments worth R100 million yearly. Consequently, this figure should be increased by a factor of 1.5 to carry out the programs.

Let us go into the program in more detail.

The network is to install 92,300 tons of metal superstructures. The greatest load will fall to the North Caucasus, East Siberian, Moscow, Sverdlovsk, Gorkiy, West Siberian, October, Volga and Transcaucasian roads. While the bridge organizations of the first four of the roads named have sufficient capacity, the rest must now think about developing a base or drawing in a contractor from another road.

The program also specifies installing 104,800 m<sup>3</sup> of reinforced concrete superstructures (an average of 9,500 m<sup>3</sup> a year). They will be manufactured to individual length after precise determination of the actual distance between the cubicle walls of the structures. It is therefore impossible to order these structures in advance. They will have to be produced at the bridge organization bases or at the road trust plants.

Metal slipforms make it possible to adjust the length of the superstructures from 2.95 to 16.5 m. If all the available metal forms are used, the yearly volume will be 15,000 m<sup>3</sup>. This would be more than enough. The bridge-building trains that have this slip form available, however, are not interested in manufacturing superstructures for more than their own needs, since the plan is not to produce items and structures, but to develop construction-installation work. The expenditures to manufacture "excess items" of reinforced concrete have an adverse effect on labor productivity. Organizations such as MO-3 of the Moscow, MO-8 of the Alma-Ata, MO-9 of the Far Eastern, TMO-1 of the North Caucasus and MSP-2 of the Central Asian roads, have considerable reserve

capacity, but do not make use of it because of the small demand of these roads for reinforced concrete superstructures.

The bridge-building trains of the Moldavian, South-eastern, East Siberian, Volga, Southern, Azerbaijan, Transbaykal, Dnepr and West Siberian roads should be seriously concerned with increasing the production output of structures, primarily through developing their own production bases. For its part, the construction main administration will continue to set up the production of metal forms. In this case, it is expedient for the October, Lvov, Krasnoyarsk, East Siberian and Transbaykal roads to draw in bridge organizations from other mainlines. In addition, superstructures will have to be manufactured at the Syzran branch of the Krasnyy Gulyay Plant of the Kuybyshev Road.

Tunnel workers are faced with a number of particularly important tasks. For example, the Mosttonnelremstroy Trust, within the framework of the program, must construct two new single-track tunnels to replace the off-size ones presently in operation, and also, with the aid of the mining-drifting complex, carry out the rebuilding of the Sakhalin tunnels.

The Poltava TRZ will organize the manufacture of complexes according to a design of the Lengiprotransmost Institute.

The forces of MSP-66 of the Transcaucasian mainline are faced with rebuilding the tunnels of the Batum Division (rebuilding the inverted arch, also with using the complex created at the Orgtekhstroy Experimental Plant). On the Achinsk-Abakan section of the Krasnoyarsk Road, MSP-17 should construct bypasses for the off-size tunnel.

Bridge-building train No 61 of the Lvov mainline is completing the erection of engineering structures (two tunnels, snowsheds, culverts) on the Sambor bypass. After this, the organization will probably be commissioned to rebuild the tunnel on the Baltic mainline. Major tunnel repair work is also to be done on the Gorkiy, Moldavian and North Caucasus roads.

It is a matter of honor for the bridge workers and tunnel workers to cope adequately with the tasks of the program to reinforce the man-made structures of our railroads.

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### **New Rail Financing System Examined**

914H0135A Moscow GUDOK in Russian 19 Mar 91 p 2

Article by S. Vnuchenkov, deputy chief of the economic service of the Southeastern Railroad, under the rubric "The Ministry of Railways in the Contest of the Market": "Faithful to a Cost-Led Economy"

[Text] The Ministry of Railways and VNIIZhT [All-Union Railroad Transport Scientific Research Institute] have worked out and are introducing a new system for

financing the railroads—in accordance with settlement prices. It was possible to accept the preliminary studies, which were coordinated with the mainlines, as a basis, and the majority of the railroads did so; but the final variant which arrived in January is giving rise to nothing but confusion.

As everyone knows, the chief task of railway transport is full satisfaction of the transportation demands of the national economy. According to the new system of financing, the railroads are oriented toward handing over cars for adjustment and not toward the traffic and movement of loaded cars.

Since 1 January of this year the cost of a gondola car which is handed over for adjustment has been increased by a factor of six and is now R300. Now let us calculate which is more profitable for a mainline: to be involved with adjustment or with shipment. For example, we pass a gondola car in the direction of Yelets—Kochetovka—Ptishchevo—Krizoverovka, which is 585 km. We receive 300 rubles [R] and another R25 for the distance covered empty. If we load the car and send it by this same route, we will get R46 for shipment operations plus R50 for the initial operation. Resulting in... R96.

One asks whether railroads on the adjustment system need to bother with loading if so much money is paid for empty cars. If a mainline were to hand over all gondola cars for adjustment after unloading them and pay the client a fine of R50 for each of them for nonfulfillment of the state shipment plan, it would earn two or three times more than if it loaded them.

One thing is unclear: Where is the Ministry of Railways to get the money when all the railroads on the adjustment system act in this fashion? After all, our department receives income for loaded rolling stock, and the mechanism being proposed stimulates the use of empties, which means a growth in operational expenses and costs and a reduction in income.

The second question is payment for empty wagon-kilometers. The way that the proposal puts it, the problem that the railroads have in conjunction with an increase in the traffic of empty transit cars, especially when the dispatch of cargo declines, is not resolved.

Under the existing system of issuing pay at the bank based on increases in income over last year, this will lead to losses for reasons that are not dependent on the railroad collective. After that, try to explain to those who work on the cars, the engineers, the transport workers, and other workers that the bank did not issue the money and that they received R20-30 less than previously because of the movement of empty stock.

The movement of empty cars is an integral part of the transport process and, like all useful work, it should be paid at full cost. And with regard for the system of bank financing, it should be paid at the rate of loaded traffic. After all, labor expenses in both instances are practically the same.

The goal of changing the financial procedure is to abandon network cost, on the basis of which fees are calculated, and introduce prices for each railroad with regard to its costs. But this has not been achieved. The basic activity—ton-kilometers in direct service (96 percent of the freight turnover of our railroad)—is paid at a price that is the same for all mainlines—1.3 kopeks for 10 ton-kilometers. This is almost three times less than the cost. In other words, transportation is unprofitable for the railroads. It turns out that we have arrived at the very thing we were trying to avoid.

The system of financing that has been proposed will bring us to complete bankruptcy. It contains many contradictions. That which is necessary for the state and the Ministry of Railways is unprofitable for the railroad, the section, and the individual workers. The prices that are being introduced are stimulating the railroads to fulfill interim operations but not the final goal—to serve the client and receive a large income.

The market mechanism of management which we are moving to is constructed on the principle of equality of profits—profits of the individual, the enterprise, and the state—and therefore it is effective. The final result—profits—should be distributed across the railroads. For this I propose that the old system of financing be modified somewhat.

1. For a wagon that is being handed over to the reserve within the framework of an established norm adjusted for the percentage of fulfillment of a norm for receipt of gondola cars with a local load, establish a price of R50 or do not pay at all. This is excess rolling stock for a mainline, and it still needs to be handed over to another. But for rolling stock that is handed over above and beyond this volume, which is done practically to the detriment of one's own shipment, set a price that is differentiated for each mainline based on losses of income calculated for the average distance of local service and for driving the cargo out. Perhaps keep it at R300. When calculating the financial plan for the next year, wagons which have been handed over the previous year are not paid for or are paid off at R50 over and above the account—at an increased rate.

2. Exclude payment for empty wagon-kilometers, inasmuch as this is included in the fee. Taking into account that payment for adjustment and the empty car took place at the expense of decreasing direct service income, in this manner one may sharply increase income subject to distribution for the fulfillment of work in direct service.

3. Adjust income earned by the railroad in direct service by a coefficient determined as a ratio of the mainline's cost in freight movement to the network cost over the five-year period.

4. The coefficient is corrected every month depending on changes in the rate of traffic of empty rolling stock to loaded traffic in comparison with the previous year. In the process, one takes into account those variations in

the quantity of empty traffic that result from the increase or decrease in its transfer at inter-railroad junctions.

The increase or decrease of empty traffic leads to a change in income, and this means that the coefficient of their adjustment should also be changed to a quantity compensating the losses. This permits one to compare the accounts of the current year with those of the preceding year and does not allow the loss of the consumption fund by departments of a railroad that are running increased flows of transit empty traffic.

This financing scheme is not devoid of flaws and should be watched closely when put into practice. But it unites the interests of the state, the Ministry of Railways, the railroads, the departments, and each worker, and it is targeted toward the end result—shipment and the movement of cargo and income.

### Tank Car Shortages Scored

914H0135B Moscow GUDOK in Russian  
29 Mar 91 p 2

[Article by V. Grechanin: "A Journalist Conducts an Investigation: Missing Tank Cars"]

[Text] Kuybyshev—Since the beginning of this year the Kuybyshev Railroad has not sent more than a million tons of petroleum products to enterprises—there are no tank cars. But in recent days alone more than 40 trains with empty tank cars were idling at medium-size stations. Why are the requests of the oil refiners for empty tank cars not being satisfied?

The problem is that this rolling stock may not be used. It contains remnants of chemical cargoes, bitumen, and tar. Many of the tank cars arrive without documents. In January there were 2,500 of them on organized freight trains alone, and in addition there were individual ones in temporary trains. The majority of the "dirty" cars come from Bataysk, Afipskiy, Makhachkala, and Chervlennyy of the North Caucasus Railroad, Balashov and Kochetovka of the Southeastern Railroad, Baladzhar and Baku of the Azerbaijan Railroad... The list goes on and on.

The residents of Kuybyshev resorted to desperate measures: They notified the leaders of 30 railroads that beginning 1 February they would return uncleaned tank cars to the originating stations and collect fines. But the threat did not produce any effect and the situation became even more aggravated. Nor did anything come of the fines. Claims worth 60,000 rubles [R] were made over the month, but not a single kopek was received. In addition to the aforementioned difficulties, a number of railroads are ignoring their adjustment obligations for the transfer of empties. Over the first two months of this year 35,000 tank cars were not received. The existing situation has completely complicated the situation on the mainlines: jammed stations, an additional volume of shunting work, and overworked steam-cleaning points.

But the curious thing is that when you take an interest in oil-loading problems, the specialists immediately forestall you and say that everyone has known about it for a long time, on the railroads and at the ministry. And this "everyone has known for a long time" is like a trademark of the fatal complexity of the situation. Something does not make sense here. Everyone knows, everyone is well informed—but they are not resolving the problem. Are they at least trying to do something?

Last autumn a commission of the Ministry of Railways visited the Kuybyshev Railroad and examined the use of tank cars arriving for filling at the Bashkir Division. The exhaustive inquiry was the result of a cry of help from the Bashkir workers. A significant number of tank cars arrive at the division from other railroads with 5-10 tons and more of viscous petroleum products remaining in them. The time required for preparing them has jumped sharply. Over 10 months almost 50,000 tons of the remnants of petroleum products have been collected at the steam-cleaning stations. At the servicing and marshalling stations of the railway network containers with remains of cargo that has not been poured off are regularly included in passing trains of empty tank cars—it has already become systematic.

The numbers of the tank cars, the names of the receiving enterprises, and the stations of the dispatchers are falsified. It is impossible to establish the shipper or the receiver. In pursuit of bonuses for results of daily adjustment obligations the dispatch staff and the management of the railroads, the divisions, and the stations of the network do not monitor the filling out of documents and the condition of the empties.

The inquiry carried out by the Ministry of Railways commission also, naturally, came up with proposals for eradicating these practices: a series of provisions which began with the traditional one-word clichés, "Establish, organize, take measures, ensure, improve..." When members of the commission and workers of the Kuybyshev and other railroads analyzed the results of the examination, it seemed that every participant knew his place and role in advance. And at the same time, all were convinced in advance of the uselessness of what was planned. Or, as the local worker bitterly joked, they listened to the leadership, they cleaned up their bloodied noses, and then—back to work as usual.

In any event, the aforementioned results of the first two months of this year eloquently confirm the "results" of this inquiry. Of course the workers on the Kuybyshev Railroad can also be criticized. The washing and steam-cleaning stations do not always work at full capacity, even though the system of awarding bonuses to the people employed there is supposedly calculated upon their maximum output. There are regular interruptions in operational supervision over the preparation and presentation of tank cars at loading ramps of factories. There are other "gaps" as well. But it is also true that for the most part the railroad is presently keeping pace with its problems.

The local transport workers, trying to correct the situation, are increasing the statistical load capacity, are obtaining permission to load petroleum products on top of the remains in cars, and are attempting to speed up turn-around time of tank cars. The Ministry of Railways has repeatedly received suggestions concerning these and other questions. I will not try to evaluate all of them, but at least a portion of them merit attention. For example, it really is worth introducing a firm rule: tank cars and whole freight trains without documents and with remains of cargo should be returned to the originating stations at their expense and fines should be levied. To authenticate the accounts of the rolling stock, it would be possible to stipulate a distinctive numbering of cars designated for cargo which does not come under the nomenclature of "petroleum products" and count them as a different rolling stock.

The washing and steam-cleaning stations are a separate matter. These days they are under severe pressure from the ecological movement. The Council of Ministers of Bashkiria has more than once warned of its intention to close one such station on the Chernikov junction near Ufa. Negotiations with the Finnish company Khaka [name as transliterated] to fundamentally restructure them are dragging out. "We are looking for hard currency," answer the railwaymen. But before the verdict is in there is an urgent need to begin the construction of a station in Biklyana in the Ulyanovsk Division. The Ministry of Railways could negotiate on this with the Ministry of the Petroleum Refining and Petrochemical Industry, which needs the facility no less than the railwaymen.

One of the cardinal solutions here could be to make tank cars private property or to lease them. Some decisions have been made on this score, but the matter is moving slowly. Last year the factories of Bashkiria took over as private property only one-third of the rolling stock designated by order of the Ministry of Railways. Tank cars for chemical products are being proposed, but who wants them? The leasing of good tank cars is going no better: there are too few of them. And you cannot give away the bad ones. There is nothing with which to repair them and nowhere to do it.

The current annual plan for petroleum transport for the Kuybyshev Railroad is 46.5 million tons—this is higher than last year's target and than the amount that was actually fulfilled. But railway economists have collected statements from the oil refiners of their region and received a figure that is 7.7 million tons less than what was sent out by Gosplan [State Planning Committee] through the Ministry of Railways. Inquiries, letters, and trips to Moscow have not cleared up anything.

But how can one achieve a volume that is deliberately unfulfillable and is not backed up with the resources? And this deliberately "dead figure" will remain more than real for the railwaymen occupied with shipping petroleum products, confronting them every month and quarter. Because it directly influences the calculation of



finances, bonuses, and funds. This sort of game with figures has a negative influence on the plan and undermines incentives for normal work.

The oil refiners do not mind taking advantage of this circumstance. Knowing about the lack of coordination between plans and empty tank cars, they complain louder than they need to about the shortage of tank cars. But no sooner is the supply corrected than the cars are refused. It turns out that there is nothing to ship.

One is also troubled by the fact that everyone knows about this—it is enough to read the piles of incoming and outgoing documents and to listen to the squabbling at select conferences. They know and they react. But only to individual instances, and not to the phenomenon. And as long as the phenomenon continues, there will be no improvement.

### **Moscow Metro Expansion Noted**

914H0135C Moscow GUDOK in Russian  
30 Mar 91 p 2

[Interview with S. Lubotskiy, chief of the routing department of the Metrogiprottrans institute, by B. Bukharina: "The Subway Seeks a Line"]

[Text] Each year the number of passengers in Solntsevo—a "bedroom" community of Moscow—grows, and the problem of transportation becomes more severe. This is the point of view of S. Lubotskiy, chief of the routing department of the Metrogiprottrans institute [State Planning and Surveying Institute for the Construction of Subways and Transportation Facilities], with whom correspondent B. Bukharina talked.

[Bukharina] Sergey Yuryevich, back in 1968 Solntsevo was named among the new developments that would eventually be served by the metro. But, as we see, the metro still has not arrived there. Why not?

[Lubotskiy] Unfortunately the talk back then was not really backed up with anything. The official documents adopted by the USSR Council of Ministers and the ispolkom [soviet executive committee] of the Moscow Soviet did not contain a word about a subway in that rayon for a long time even though the Metrogiprottrans institute had long been proposing that design and construction of just this line be begun.

After all, at present no one knows when mass construction of the entire rayon of Butovo will begin. There are still few residents in Mitino, and it is easy to transport them with buses to the nearest metro station today. But as for Solntsevo, about 200,000 people already live there and are suffering. More than half of them work far from home. Specialists have calculated that last year during the period of heaviest use, Solntsevo's transport services were used by 27,000-28,000 people per hour. So, one asks where the metro is needed more. The point of view of the designers is unambiguous—in Solntsevo!

[Bukharina] I know that the residents of this rayon have repeatedly complained to all the city authorities. Has their voice really not been heard? Has it really had no effect on the resolution of transport problems?

[Lubotskiy] Of course it has had an effect. They really have talked about the transport problem in Solntsevo. But the whole question is in how they have proposed resolving it. Numerous documents adopted by the Moscow Soviet beginning in 1984 talk about the organization of transportation of passengers to railway platforms and metro stations and about the construction of railroad mainlines, streets, transport junctions... But that is all. It was only in last year's ruling of the Moscow Soviet Ispolkom "On Design and Construction of the Moscow Metro in the 13th Five-Year-Plan" that the Solntsevo line appeared on the list for the first time. But in the graphs where the deadlines for design and construction are usually indicated, there were only graphs.

And, finally, at the end of last year the Moscow Soviet Ispolkom adopted a specific ruling entitled "On Measures To Improve Transportation Services for Residents of Solntsevo Rayon," which contains the paragraph: "To develop in 1991-1993 a TEO [technical and economic substantiation] and draft design of the construction of a metro line in Solntsevo Rayon, and starting in 1994 to begin preparatory and initial work to construct the aforementioned line." This is our hope for a fundamental resolution of the problem.

[Bukharina] Sergey Yuryevich, you specially stress that this was a fundamental resolution. Does this mean that there were also other resolutions that are not fundamental and which in essence hold back the development of the metro?

[Lubotskiy] That is exactly the case. Everyone acknowledged that transportation in Solntsevo is bad, but they tried to resolve the problem absolutely incorrectly. They proposed increasing the number of buses transporting passengers to the Yugo-Zapadnaya and Vernadskiy Prospect metro stations. They put the accent on the railroad and on electric trains, and as a result they tried to resolve the problem by opening an additional entrance at the Kievskaya station of the Arbat-Pokrovskiy line and to reconstruct the Kiev junction.

But these are all half-measures. The Kirovskiy-Frunzenskiy line is old and its carrying capacity has been sharply limited in conjunction with the reconstruction of the Leninskiy Gory station, and no one knows when it will be finished. That is, it is simply impossible to increase its transportation capacity in the foreseeable future. There is also no sense in taking passengers from Solntsevo to the Teplyy Stan metro station or to the metro station of the Filevskiy line because, in the first place, people will have to ride a long way on busses and, in the second place, these lines are overburdened as well. The additional entrance at the Kievskaya station and



reconstruction of the railroad will not change the situation. We are pleased that, thanks to the firm position of our institute, this has finally been realized today.

[Bukharina] What was the chief obstacle?

[Lubotskiy] I believe that it was the many years of disagreement between the Metrogiprottrans institute and the Institute of General Planning. General Planning's version was to complete existing radii and construct four spans which, bypassing the center, would tie together those rayons which adjoin Moscow. From this appeared four spans: Mitino-Butovo, Mytishchi-Solntsevo, Novopodrezkovo-Kosino, and Teplyy Stan-Balashikha. This solution was based on an analysis of high-speed lines abroad—in Paris, San Francisco, etc.

General Planning put these proposals into the plan without taking into consideration real conditions, recommendations that a series of scientific research tests be conducted, and draft studies on the use of such lines in Moscow. The general plan for the development of the city has still not been approved, but Mosmetrostroy [Moscow subway construction] is pushing hard for the construction of the Mitino-Butovo line. In short, instead of looking at the center, rebuilding it, and bringing out the industrial enterprises, we are headed for a ring where, naturally, it is simpler to build housing. And so that people will move there, we are enticing them with the metro.

[Bukharina] I understand the position of the Institute of General Planning now. And what is the main point of view of Metrogiprottrans?

[Lubotskiy] We are in favor of ensuring that the structure of subway transportation corresponds to surface structure. The arcs do not run to the center, but they will give rise to a colossal burden on the transfer points, which will not be able to sustain it. We set forth our position at both the USSR Ministry of Transport Construction and at city organizations. But for some reason our position has been viewed as a narrow departmental position, and no one sees the rational kernel of the idea. We are for the immediate creation of a Large Ring for the metro, individual sections of which have already been built. Rays will be constructed from this ring to the new rayons. A quite mobile layout will result.

A second ring will ease the load of the present Koltsevaya line and stations in the center. It will pass right through industrial zones and rayons with housing development.

The problem with today's Koltsevaya line, which is essentially a distributor of passengers, is severe. There is constantly a bottleneck there throughout the entire daily operations of the metro.

If our version were to be carried out, the ray from the Large Ring to Solntsevo would only be 10 km. But there is no Large Ring, and the problem of transportation in Solntsevo is very severe.

[Bukharina] What is the solution in this instance?

[Lubotskiy] The construction of a Solntsevo line which will pass through the territory of three of Moscow's rayons—Solntsevskiy, Kievskiy, and Gagarinskii. According to one of the versions this will be a continuation of the Arbatskaya-Pokrovskaya line from the Kievskaya station. Its length will be about 18 km. There will be approximately seven to eight stations on it.

[Bukharina] Can you say today how that line will run?

[Lubotskiy] For the time being I can only speak hypothetically because there are several variants. The line will run along Marshal Grechko Prospect, along Vasilisa Kozhina Street, along Minskaya Street to Michurinskii Prospect, and continue across the ring line at Solntsevo. As a variant, the line may stop at the Matveyevskiy microrayon and a station may be built there.

A second variant is a transition section across the restricted area and an entrance right on Michurinskii Prospect. There is also a possibility of getting the residents of Gagarinskii Rayon involved and building a metro station at Olympic village. The question of where the metro line right in Solntsevo will run—along Aviamotornyy Street or along Solntsevskiy Prospect—is at the discussion stage.

Today as never before we need the initiative of the rayon authorities. It is impossible to build a metro today without their active participation.

## MARITIME AND RIVER FLEETS

### Shipyard Activities Reported

914H0142A Leningrad SUDOSTROYENIYE  
in Russian No 12, Dec 90 pp 36-38

[Report prepared by A.N. Khaustov: "Information Department: On Shipbuilding Activities"]

[Text] For the preparation of these sections of related news items in next year's issues, the editor requests that the public relations services of the enterprises send short notes (no more than one typed page) and photographs (two copies) as well as large-circulation newspapers and booklets on industrial products and samples.

### The Krasnoyarsk shipbuilding factory

The latest diesel cargo ship Aleksandr Gorbachevskiy was launched on 22 May 1990. After 18 months, in the course of which work was conducted in workshops and on the stocks, the finished hull of the ship was moved to the slip. The economist Tatyana Panova—the "god-mother" of the ship—was one of the main figures of the launching: after all, the traditional first bottle of champagne must be broken on it so that everything will go well for the ship in the future. After this honorary mission was successfully carried out, the motor ship entered the waters of the Yenisey smoothly. The new ship will be used by the Lensk river steamship company.

### **The factory imeni 61 Communards**

The transport refrigerator-supply ship *Capitan Kirichenko* (of the *Bukhta Russkaya* class) was the first delivery order of this year. On 17 February, in accordance with the construction schedule, the ship was launched, and construction afloat was rapidly completed. Delivery of the new ship, planned for the month of August, took place in July. In the course of the construction of the next standard refrigerated transport, the *Capitan Pryzhk*, the Communard workers assumed an obligation to deliver this order ahead of schedule as well.

### **The Feodosiya production association imeni the 26th CPSU Congress**

The *Tsiklon*, a gas-turbine powered ship on hydrofoils which was used in the summer of 1989 for purposes of advertisement, brought the association 160,000 rubles [R]. The ship traveled approximately 20,000 km in this time, transporting passengers between Feodosiya, Yalta, and Sochi. In an interview with a correspondent of the newspaper *PROGRESS*, O.M. Redinskiy, the captain of the ship, noted that the hydrofoil ship performed very well in its operations. The speed of the ship is 42 knots; there is a power reserve, and with a full load (250 passengers) the *Tsiklon* can travel 800 km without refueling. This year after routine maintenance was conducted the gas turbine ship is ready for work abroad.

### **The Baltiyskiy Factory production association**

The association was the victor among the enterprises of the sector in the public showing entitled "Creation, Popularization, and Use of Scientific and Technical Achievements on an Economic Basis." In the course of 1989, according to the claims of subunits from other enterprises, 204 sets of technical documentation were received, 98 borrowed scientific and technical projects were introduced into production with an economic impact of R302,500, and 41 sets of design, technological, and other documents were transferred to other enterprises for their own development. A transition to new conditions of management and to scientific and technical commodity output has set new tasks for the factory workers—on one hand they need to select and acquire the most efficient innovations that will bring concrete economic results, and on the other hand they must skillfully publicize their own original projects. The results of the public showing, summed up by the ministry and the central committee of the trade union and the VNTS [all-Union scientific and technical society] imeni Academician A.N. Krylov, demonstrated that the specialists of the Baltiyskiy factory are working successfully in this sector.

### **The Nikolayevskiy branch of the Central Scientific Research Institute of Shipbuilding Technology**

A sectoral scientific and production center of laser technology was formed. Its tasks include coordination of the activities of enterprises to introduce lasers, analysis

of production from the point of view of determining the most rational areas for their use, creation of new types of laser technological equipment, organization of standardized production of lasers, training of personnel, etc. It all began about 15 years ago when engineers Yu.A. Blagov-erov, V.A. Brovinskiy, V.N. Frizhipin, and others began to study this subject. In 1980 a specialized design and technical department of laser technology and equipment was created. Machines of the "Granat" type based on the "Veresk" laser and the "Takt" drafting apparatus for cutting metal sheets up to 3 mm thick, the "Gopaz"—for marking and tagging, the "Biryuza"—for cutting, marking, and tagging of steel sheets up to 5 mm thick and other materials, and finally the "Lazurit"—for cutting sheets of shipbuilding steel with dimensions of 12 by 2.5 meters and a thickness of 8 mm as well as other materials and alloys—these are the basic stages in the creation of laser equipment for the sector. At the present time a targeted comprehensive program has been worked out for the introduction of the "Sudolazer-95" laser technology.

### **The Vyborg shipbuilding factory**

A department of mechanization and automation has been actively operating at the factory for 30 years. On 23 June 1960 an order of the director noted that the employees of the department would be responsible for the design of mechanisms and nonstandard equipment in the course of comprehensive mechanization and automation of production processes and individual operations with the goal of easing the performance of difficult operations and curtailing manual labor. Over these years with the direct participation of specialists of the department, almost 30 integrated mechanized postal lines and systems were created. And a special bureau created under the department in 1973 provided for the introduction of 11 integrated mechanized warehouses with an area of 46,000 square meters which utilize, in particular, a container method of storing cargo in multi-level shelves serviced by stacking cranes. N.V. Khorev, N.K. Khorobrye, V.Ye. Sinitskiy, S.A. Makarov, V.I. Muravyev, V.M. Morozova, and other specialists in the department are distinguished by their nonstandard, creative approach to the solution of difficult technical tasks.

### **The Yaroslavl shipbuilding factory**

In accordance with the plan for increasing the technical level of production, among the new equipment introduced at the factory this year is a model KZh 16207.01F2 lathe and screw-cutting machine manufactured by the Kramatorskiy factory of heavy lathe-building. It is intended for the processing of shafts of ship shaft lines, for rough and finishing turning of external cylindrical and conical surfaces with a diameter of up to 1,250 mm and a length of up to 15 meters, for the boring of apertures up to a depth of 1,000 mm, and for the cutting of screw threads. With the installation of an electric contour follower on the carriage, complex profiled surfaces can be processed as well. The lathe operates according to a program using a "Lyumo-II"

type of ChPU [numerical programmed control] positional system or manually. Inasmuch as it is equipped with two carriages, turning productivity is enhanced. The great accuracy of the processing, the elimination of manual finishing operations up to the required dimensions of the article, and the corresponding reduction in man-hours—all this will allow three pieces of outdated equipment to be retired. While the new lathe was being introduced, experience in how to operate such equipment was learned at the factories in Kramatorsk and Leningrad and, in particular, appropriate technical equipment was borrowed.

#### **The Okean shipbuilding factory**

An automated system for the standardization of labor (SANT) has been functioning at the factory for about three years. It was introduced in the building-slip section workshop, section workshop, and dock workshop. Computers are used to prepare duty details and lists of work teams and technically standardized lists. This significantly eases the labor of technologists and rate fixers and decreases the time period for technical preparations for production. The operational introduction of changes is carried out using displays mounted at the work stations and connected with the computer of the ASUP [Automated Enterprise Management System] section. In addition, this permits the use of reference information stored in the memory of the computer. A new version of SANT will also prepare production plans for the teams. There are plans to extend the system to hull-preparation, painting and insulating, and finishing production as well as to the manufacture of MSCh [modified gray iron] products. An informational tie between SANT and the bookkeeping system should also be set up.

#### **The Severnaya Verf Leningrad shipbuilding factory**

The factory has decided to change over to a joint-stock enterprise. Distribution of stocks among the shipbuilders has begun. Ye.Ye. Udalov, an assembler in workshop No. 21, became the first shareholder. In all, securities worth R10 million were issued. For 1990-1991, income on the shares is established at 10 percent. For payment of this income, the financial incentive fund was allotted R1 million in advance of outlays. To purchase the shares a worker needs a personal statement and a written ruling of the council of the labor collective of the subunit requesting that the worker be sold the stocks.

#### **The Krasnoye Sormovo Factory production association**

From July 1989 to June 1990, 837 members of the production association took an active part in the rationalization of production. Some 603 engineering and technical employees and 234 workers submitted various innovative proposals. During that time nine inventions and 768 rationalization proposals were utilized in production with an economic impact of R1.158 million. The best rationalizers were Novikov, a metal worker in the press forging workshop, machinist Yazenkov, designer Proskurin, technologist Pigalov, and others. One of the

most important trends in operations was the rational use of material and labor resources and the reduction of losses. During the year the production association managed to save 64 tons of ferrous metal, 34 tons of nonferrous metal, 1,019 kg of electrodes, 87 cubic meters of lumber, 292,000 kilowatt-hours of electricity, and 3,795 cubic meters of natural gas. Man-hours declined by more than 220,000 norm-hours.

#### **The Dalzavod production association**

Each quarter the results of the competition of quality assurance teams in the association are summed up. During the first quarter of this year alone the economic impact from the introduction into production of timely proposals by members of these teams was R101,684. The methods council awarded the honorary title of "Best Quality Assurance Team" to the collectives headed by S.V. Bobrov and A.I. Karpov. Each team was allotted a free tourist pass and a monetary bonus of R300. The team of P.S. Lashchuk was awarded second place—it was given a pass to a rest palace and a bonus of R240. V.Ye. Slavgorodskiy, the curator of the teams, and V.L. Kryuk, the chief of a workshop, were also congratulated for their active assistance in their operations.

#### **The Kherson shipbuilding production association imeni the 60th anniversary of the Leninist Komsomol**

One of the meetings of the council of the labor collective was dedicated to the distribution of the bonus for the delivery of ships. After examining the proposals of the administration, the trade union committee, and the STK [Union of Labor Collectives], it was decided to allot 70 percent of the total bonus to the workers and 30 percent to the specialists and office workers. Coefficients were also determined for the distribution of money to the groups of the subunits depending on the degree of their participation in the construction of ships—from 1 to 0.25 (for workers of the VOKhR [internal security]). A portion of the bonus is being left in reserve as incentive for workers in the construction of subsequent ships. This consists of 10 percent for standard ships and 20 percent for export use.

#### **The production association of the Sevastopol Naval Factory imeni S. Ordzhonikidze**

The "Krym" model heating boilers manufactured by the association enjoys great popular demand. The design bureau for production of consumer goods has created the new "Krym-4" model of the boiler, which can be used not only for heating lodgings but also for providing hot water. In addition, new equipment expanding the capabilities of the boiler have been fitted in the previous casing. There are plans to install a unit for automatically regulating consumption of solid fuel in the next model of the boiler.

#### **The Perm Kama shipbuilding factory**

The SGPTU [secondary state vocational and technical school] No. 12, which is celebrating its 50th anniversary



this year, is training skilled personnel for the Kama supplying factory. Electric gas welders, assemblers of hulls of metal ships, ship electricians and radio repairmen, multi-skilled lathe operators, equipment repairmen including repairmen for lathes with ChPU and industrial robots, carpenters, metalworkers—these and other specialists necessary for shipbuilding production are being trained by the sole school of its type in the Urals. Upon finishing the SGPTU, the graduates will conclude a contract with the factory according to which they will be put on a list for housing. Upon return from the military, youths receive a bonus of one month's pay per year for the period of their service and a travel allowance of R200; their place on the housing list is maintained during their service. If he wishes, a youth can continue his training in a shipbuilding institute while the factory offers counseling and pays a stipend. Over its 50 years the school has trained more than 11,000 specialists for the national economy.

#### **The Black Sea Shipbuilding Factory production association**

The fundamental direction of operations in the association in the realm of environmental activities consists of, first, monitoring the condition of the environment, industrial runoff, and gaseous dust emissions; second, designing and introducing ecological facilities and purification equipment; third, utilizing existing facilities and performing preventive and capital repair on them. Purification equipment, which has been operating at the Black Sea Shipbuilding Factory for 20 years, ensures the purification of waste water of galvanization production and of the copper-tubing, paint, and other workshops. Purification is performed with reagents. Condensation of the precipitate takes place in settling tanks, and mechanical dessication (up to 85 percent) takes place in special filters. The precipitate is then taken away to a special plot for burial. There are plans to construct purification equipment for storm runoff, to reconstruct a number of existing ecological facilities, to introduce a dust removal system, etc.

#### **The Navashino Oka shipbuilding factory**

How are youths adapting to production? A sociological poll of 222 young workers from five workshops showed that in order to "feel at home" in the collective, 29.5 percent needed two to three weeks, and 23.6 percent one to two months; for 8.2 percent the process lasted three to six months, and the rest needed more time. Staff workers usually contribute to the training of young personnel. Most often assistance is provided by crew leaders, according to 23.6 percent of the workers who took part in the poll; by experienced workers—18.6 percent, friends at work—19.5 percent, and foremen—8.6 percent. Some 50.9 percent of new workers fulfill established norms while 6.8 percent overfulfill them. Nonfulfillment of

norms is connected with absence of experience—9.5 percent, downtime—9.5 percent, and use of obsolete equipment—nine percent.

#### **The Leninskaya Kuznitsa factory**

The "Charity" fund was created at the factory to combine the efforts of individual citizens, labor collectives, and public organizations with the goal of moral and material support of poor laborers and office workers, retirees, and members of their families. The fund is made up of voluntary contributions, money earned for unpaid weekend work, and allocations from trade union, party, and Komsomol dues remaining at the disposal of those organizations, which, together with STK, are the founders of the fund. The money that is collected will be disbursed to specific individuals or directed for the solution of certain problems. There is expected to be an examination of labor conditions, housing conditions of factory workers and their families, and the conditions of preschool institutions under the jurisdiction of the factory. The supreme organ of the fund is the conference of the labor collective, and the working organ is a board approved by the conference.

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### **PORTS, TRANSSHIPMENT CENTERS**

#### **Klaipeda Port Activity Halted By Dockers' Strike**

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[Article by TASS correspondent Kazis Ustila]

[Text] Klaipeda (Lithuania), 22 Apr (TASS)—Klaipeda sea trading port virtually froze today. Neither foreign nor Soviet vessels are being unloaded and railway rolling stock has frozen on the tracks. Dockers have announced a strike. Dockers of this sole Lithuanian sea trading port at the end of last year and since the beginning of the current one have repeatedly put forward demands for an increase in their salary and have even threatened strikes.

Klaipeda dockers are today also putting forward only economic demands. However, this time, as Ramunas Milikas, the chairman of the strike committee and foreman of the mechanized dockworkers, said, they are intending to strike until "the port administration and the USSR Ministry of the Maritime Fleet satisfy the [dockers'] basic demands."

A TASS correspondent talked to Nikolay Berezhnyy, head of the port, who said that because of the strike the port is suffering major losses: it is having to pay currency fines because foreign ships are standing idle and some vessels which should have docked at Klaipeda are being redirected to other ports. He was understanding vis-a-vis the docker demands but at the same time he noted that their demand for a fourfold pay increase is "unrealistic." On the initiative of the administration there is to be a meeting this evening with strike committee representatives at which the leadership intends to seek mutually acceptable solutions, the port head said.



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